THE EMPIRE CLUB OF CANADA

Founded 1903

Addresses
2011–2012

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THE
EMPIRE
CLUB
OF CANADA

2011–2012
108th Yearbook

Her Majesty Queen Elizabeth II
Queen of Canada
wearing Her Canadian insignia
as Sovereign of the Order of Canada
and the Order of Military Merit

THE EMPIRE CLUB OF CANADA

Founded 1903

Addresses 2011–2012

GOD SAVE THE QUEEN

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Verity Craig
President, 2011–2012

THE EMPIRE CLUB OF CANADA PRESIDENT'S FOREWORD

> *Generosity, patience, and openness have created here a new nation, a country with few equals, and a country we are still building. And if we can live up to the best traditions of our past, then this country will live forever.*
>
> June 26, 1996
>
> Romeo LeBlanc, Governor General of Canada

In keeping with our past traditions and vision, the Empire Club of Canada, in its 109th year, was once again at the forefront, presenting a slate of influential leaders and speakers who have influenced the world with their vision, passion to inspire change or gained respect for their outlook on global issues.

Recognizing the importance of the ever-changing world of technology and communication, we kicked off the year with the President of Google Canada, Chris O'Neil. His speech highlighted how we as Canadians need to recognize innovation as a key ingredient in the growth of the economy. Chris O'Neill was also our first speaker in our technology series, launched this year.

Two of our guest speakers captured audiences of more than sixteen hundred and tickets were sold out in 24 hours. Mark Carney delivered a speech on the factors driving global deleveraging and the implications for economic growth and, in our final luncheon of the season, Lord Conrad Black expounded on Canada's reputation on the world stage. The luncheons were heavily covered by the media. We extended our reach to thousands through Twitter, Facebook and a live webcast.

This year the club continued to stimulate audiences with an eclectic line-up of speakers, all of whom spoke passionately, eloquently and knowledgeably about their subject matter—David Suzuki, Dr. Tator, Duncan Hawthorne and Lyse Doucet, to name a few.

Continuing to build on 109 years of excellence, the Empire Club has fully entered the age of technology with the use of multiple social media tools. To maintain our competitive edge, the Empire Club will be launching an interactive Web site this fall.

There were 24 luncheon meetings during our 2011–2012 year, including two joint luncheons with the Canadian Club.

On a personal note, serving as the organizations 109th president was a compliment accorded to me by the executive team for which I am profoundly grateful and touched. This position offered a rare opportunity to meet some of the most influential leaders of our time. A challenging and demanding position to be sure, but rewarding beyond words. My gratitude extends to our board, past presidents and the Empire staff, whose tireless efforts are a source of great pride and whose deep seated commitment made this year a success.

Verity R. Craig
President, 2011–2012

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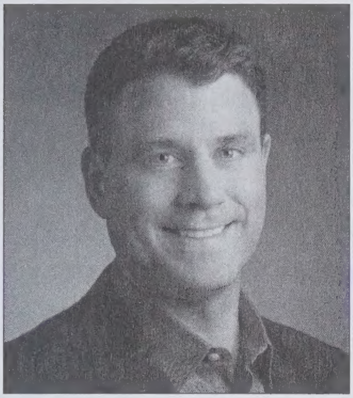


September 15, 2011

Chris O'Neill

Managing Director, Google Canada

INNOVATION @ GOOGLE

Chairman: **Verity Craig**
President, The Empire Club of Canada

Head Table Guests

John Walker, President, Transition Plus, and Director, The Empire Club of Canada; Graeme Whickman, Vice-President, Marketing, Ford Canada; Dave McKay, Group Head, Canadian Banking, RBC; Beverly Brooks, Managing Director, Kingsdale Communications, and Director, The Empire Club of Canada; Julia Kroman, High School Student, Runnymede Collegiate Institute; Rev. M. J. Perry, Vice-President and Owner, Mr. Discount Ltd., and Director, The Empire Club of Canada; Tony Fisher, President, Target Canada; and Brendan Maher, National Industry Leader, KPMG LLP.

Introduction by Verity Craig

It is now my pleasure to introduce our keynote speaker for this afternoon, Mr. Chris O'Neill.

I have been especially excited to welcome Chris to this event. It is not only our first event of the season, but it is my first event as President of the Empire Club.

About a year ago, Chris returned home to Canada with over 15 years of experience in marketing, strategy, media and partnership development.

Most recently he served as Director of Retail for Google's U.S. operations.

I am confident that if Canada is prepared to learn, Google can teach us about how to embrace this new digital century.

After all, it is the first company since Xerox to have its name become almost as well known as a verb as it is a brand.

If you don't believe me, you can just Google it.

At the 2010 Canadian Internet Registration Authority's annual general meeting, Chris outlined these other facts for that audience:

- There are four billion photos on Flickr.
- Five billion apps have been downloaded from the Apple app store and 10 billion songs from iTunes.
- Google's index contains one trillion URLs; that's trillion, as in the U.S. deficit.
- Every minute, 25 hours of video are uploaded to YouTube.
- One of every six minutes online in Canada is spent using social media.
- Half of all Internet connections are mobile.
- There are more mobile phones around the world than clean toilets.

That was a year ago. I can only imagine what those numbers are today, but personally, I can only hope that the number of clean toilets is catching up.

I hope Chris will be able to update us.

Ladies and gentlemen, please join me in welcoming Chris O'Neill.

Chris O'Neill

Good day everyone. Thanks Verity for the kind introduction and thank you so much to the Empire Club for having me here today.

It's always interesting to hear your career played back to you.

Listening to it, I have two thoughts. One, I'm grateful for the opportunities I've had, but two, I'm also keenly aware that given many of my colleagues at Google are younger than me, most would find my bio light for someone who at 38 years old must clearly be in the twilight of his career. It can be humbling having so many bright, young colleagues.

I will tell you a couple things about me that my bio doesn't.

My career didn't begin in Silicon Valley, but in my father's Canadian Tire store in Goderich, Ontario.

I apprenticed as a cashier, bike and BBQ builder, warehouse guy, and janitor. I learned a lot of great lessons there about hard work and customer service, plus the importance of quality products and clean bathrooms—all keys to success in retail.

I'm also a died-in-the-wool, 100-per-cent unapologetic geek. That means the clock on my DVD never flashes 12, and I love having the latest tech gadgets and devices. At last count the ratio of computing devices to humans in my house was 3:1.

A big part of my geekhood also revolves around my total love of the Internet. I believe it's an absolutely transformative technology. The Internet has grown from almost nothing to more than two billion users. It's available on Mount Everest and on the South Pole. More than 75 per cent of Canadians use the Internet every day. For Canadians aged 18 to 34 there is nearly 100-per-cent Internet penetration. It has become such a profound part of life that four in five adults worldwide now regard Internet access as a fundamental human right.

Plus, if you've ever taught yourself how to play guitar, make cannoli or moonwalk by watching YouTube videos, you will know it's also highly educational and entertaining.

I grew up in Canada and spent over 12 years in the United States working in finance, management consulting and high tech. Now I've been back in Canada for a year with Google and I believe I have a well-grounded perspective on the DNA of Canadians and Canadian companies and the differences from the U.S.

Thesis

One inescapable observation is that innovation is broken in Canada. I think as Canadians interested in the success of our country, we should be concerned that we are being left behind in today's digital revolution.

We aren't talking about missing out on a new HBO series by a couple seasons; we are talking about something much more fundamental. Inventor Douglas Engelbart said, "The digital revolution is far more significant than the invention of writing or even of printing."

I'll leave it to others to argue about whether Engelbart was reaching too far, but I will say that the size and importance of the digital economy—still only in its infancy—is undeniable.

And furthermore, our participation in the digital economy—our ability to catch up to leading nations such as United States, Israel, and the U.K.—is going to be a function of our ability to truly innovate.

Our lack of success in the digital economy—particularly in science and tech—is impacting our standard of living. Per-capita income in Canada trails the U.S. by almost 20 per cent. I think this fact would surprise many Canadians and it should concern everyone in this room.

I believe it is imperative for Canada to fix innovation. We need to recognize innovation as a key ingredient in the growth of our economy and our standard of living, and make greater private-sector science-and-technology investment a national priority.

Roadmap

My goal today is to discuss innovation in Canada. I'd like to speak about why we should be concerned about its slow pace, why we need to do better and how we can do so. I'd also like to offer some insights into how we foster innovation at Google and hope that this will provide some inspiration for Canadian businesses seeking to learn from our success.

The Imperative of Innovation

Having grown up in a small-business family in Canada, and with my own young family now established here as well, I'm as interested as anyone in seeing our country prosper and the quality of life we each enjoy improve.

There is no magic door as in Mario Brothers that will lead to an increased standard of living for Canadians. The key lies in productivity gains that are currently below those of other countries with whom we compete. Our economy's productivity growth is second-last in the G8. Only Italy does worse.

I think one of the legacies of our long-established industries, like manufacturing in Ontario, is the mindset that productivity gains is about buying better machines for our factories.

This may be an important focus for our manufacturers, but, as a country, it's not our most promising long-term solution. We need to be thinking bigger. As a driver of growth, innovation in science and tech holds the greatest opportunity for Canada.

The Internet is one of the biggest drivers of much-needed growth. In the U.K. alone, the Internet accounted for over 7 per cent of GDP in 2010—100 billion pounds—and that will grow to 10 per cent by 2015. Research has shown that companies that use the Internet are growing four times faster than those that aren't.

In short, the Internet isn't making inevitable change faster; it has become an engine for economic growth. It has recast the way we communicate. It has transformed the way we learn and share knowledge. It's empowering people everywhere, making the world more open, fairer, and more prosperous.

There are some warning signs that Canada lacks digital savviness critical in today's knowledge economy.

Less than 50 per cent of Canadian businesses even have a Web site, which is much lower than most other OECD countries.

Much to my wife's chagrin, e-commerce barely exists in Canada. A recent study found that only 46 per cent of online users in Canada made an online purchase. By comparison, in the United States 63 per cent of surfers shopped, 75 per cent in the U.K., and 93 per cent in South Korea.

As a country, we are in particular falling short in the science and tech fields. Of the 11 Canadian companies on Fortune Global 500, only one—RIM—is science and tech-based, sitting at 490 on the list.

Canada essentially has no companies of global scale in computers and software, life sciences, pharmaceuticals or any other industry likely to add significantly to living standards.

But it's not all doom and gloom. The gold ring of wealth generation through innovation doesn't dangle far from our grasp.

Canadians "own the podium" across much of the Web. We are the most wired country in the world. Canadians spend over 40 hours online each month, the most of any nation. The reach of our broadband infrastructure ranks us in the top-five countries in the world.

And while our e-commerce stats are terrible, by contrast we've embraced online banking at a greater level than any other country.

Even in the realm of social media, some 15 million Canadians are on Facebook each month, and 10 million of them are on it daily.

The truth is we need Canadian businesses to show as much enthusiasm for the Web as do its citizens.

We've already shown that it's possible to create pockets of amazing high-tech entrepreneurship, like those found in the thriving startup communities of Waterloo and Toronto. As a result, one promising green sprout in the Canadian tech world is mobile. Canada has quickly emerged as a world leader in mobile software development. Venture capitalists are taking note too. There have been 20 significant acquisitions of Canadian mobile companies in 2011 alone.

The great news for Canada is that mobile is a driving force in the digital revolution. We need more of this.

Doing so will require a new approach by Canadian businesses and government, which fully recognizes the opportunities available to us.

Business leaders need to innovate online and place the Internet and mobile technologies at the very core of all their strategies and services. The consumer experience should be indistinguishable between online and offline, and retailers need to embrace new e-commerce solutions, video formats, online shopping and social media to make this happen. Advertising budgets should also be shifted aggressively towards the online space. Right now, only 11 per cent of Canadian media budgets are being spent online. The money needs to follow the people living digital lives.

Every company should also have a digital expansion plan integrated into their overall strategy. The Internet provides all the necessary tools to scale up your business to the regional, national and international level. Geographical borders don't translate into digital barriers, and good business is wherever you choose to make it.

Government also has an important support role to play. We need to strengthen the infrastructure of the digital economy itself, removing the physical and regulatory barriers to greater innovation.

If the government and private sector collaborated on the building of super-fast broadband networks, Canadian consumers would have the means to access a whole new class of high-bandwidth Internet applications and services and Canadian industry could take the lead in developing and marketing them. In early 2012, Google will be starting construction of an experimental 1-gigabit fibre optic network in the U.S. state of Kansas. This is an experiment, which the Canadian government should examine closely, as a model for future development.

And governments should make it a central policy to provide support to startups and entrepreneurs. We should emulate the startup ecosystem that is found in Silicon Valley by investing in the venture capital industry. The government shouldn't become a VC itself, but it could explore becoming a limited partner in some funds to help create momentum, like the Quebec government did with Teralys Capital and Real Ventures over the last few years.

Another key to this approach starts with education. We need to reignite children's passion for science, engineering and mathematics. At the university level too, Canada needs to provide more encouragement and opportunity for people to study science and engineering. In June, President Obama announced a program to train 10,000 more engineers a year. I hope others will follow suit; the world needs more engineers.

These are big goals. But the world isn't waiting. The world is turning. And technology is developing at an astonishing pace.

Innovation at Google

Google's success is a testament to its commitment to creating an environment where innovation can flourish. Our thinking was shaped by the engineers who started and now lead our company. An engineer sees the world in a different way. Where most of us accept what we see or adapt to our environments, an engineer asks simple but poignant questions. It's a grown-up version of my five-year-old son Jack's constant refrain, "But why Daddy?" An innate curiosity coupled with a passion for solving huge, interesting problems. And wouldn't the world be a better place if we all stopped to ask more often: "But why? Why are things this way? Do they have to be?"

Here are three keys that help guide my colleagues at Google and which I believe could help us all be more innovative each and every day.

First, have a mission that matters. Work can be more than a job when it stands for something you care about.

Google's mission is to "organize the world's information and make it universally accessible and useful." We use this simple statement to guide all of our decisions. When we start work in a new area, it's often because we see an important issue that hasn't been solved and we're confident that technology can make a difference. For example, Google+ was launched with a lot of help from engineers in Waterloo to make sharing on the Web more like sharing in the real world. We realized that interactions between people increasingly happen online, yet the subtlety of real-world interactions are lost in the rigidness of today's social networking and online tools.

Our mission is one that has the potential to touch many lives, and we make sure that all our employees feel connected to it and empowered to help achieve it. In times of crisis, they have helped by organizing life-saving information and making it readily available.

An example I'm proud of, as a Googler, is our Person Finder tool, which allows people to find out if loved ones are alive. It was launched in 90 minutes after the earthquake and tsunami in Japan.

The old proverb is, "Necessity is the mother of invention." It's the notion that difficult situations inspire ingenious solutions.

The same can be said when people are given missions that matter; the mission can inspire innovative thinking to solve the biggest challenges.

Second—take risks, say yes.

With so many great ideas, knowing which ones to say yes to is hard.

The thing is, people remember your hits more than your misses. So take risks, say yes. It's too easy to be cautious. It's okay to fail as long as you learn from your mistakes and correct them fast. Trust me, we've failed plenty of times. In fact, last week we announced that we were going to shut down 10 products.

Not to make the head on every investment banker in the room spin on its axis, but I think we should be looking for the companies that fail best, or least fastest!

We should strive for continual innovation, not instant perfection.

There is a great parallel to risk and reward that many Canadians have experienced firsthand—learning to skate. Last winter we put a backyard rink in our new Toronto home. I got to teach my son Jack to skate for the first time. Learning to skate requires a lot—balance, poise, patience, perseverance—which are all nice ways of saying that to learn how to skate, you've got to be willing to fall on your butt.

Similarly, if Canada wants to play on a global scale, it needs to learn to accept failure as tuition for game-changing innovation. As a country, we need to see falling on one's butt as a badge of honour, not a source of embarrassment.

Too often we hear people say Canadians are not "risk-takers." From early-stage ventures to the day-to-day operations of businesses, the urban myth of the unadventurous Canadian plodding to work has taken root in our psyche. And to a certain degree—in certain sectors—I see their point.

But I think the idea that culturally Canadians are inherently unwilling to take the risks needed to succeed is far too simple a diagnosis.

For one, there is a well-established Canadian mob in the most senior ranks of Silicon Valley's most respected tech companies and venture capital firms. And with Google, six of our top brass are Canadians.

And let's not forget that Canada is an entrepreneurial country. According to the OECD, we're among the top-five countries in the world for new business startups.

And if you look at our history, we take lots of risk. We just like to understand them first.

In areas of economic endeavour, where we have lots of context and history, we are total swashbucklers. We do things that people in California would take one look at and think: "They are crazy."

Can you imagine investing $500 million in a project to find and extract minerals from the earth, with no payoff for at least seven years?

This is the kind entrepreneurship I'm talking about. The kind of risk taking we as Canadians take for granted. And there are lots of examples like that out there.

So when people say that we are not risk-takers, I say BS. We just take the time to ask, "Risk in what and why?"

But when it comes to swinging for the fences in the tech sector, there are just not enough good Canadian examples. This is one of the sectors where that swashbuckling attitude is missing. We would do well to learn from our innovation below the ground to inspire the confidence to win above it.

Third, ideas come from everywhere.

At Google, we believe ideas can come from anyone, anywhere, at anytime.

We believe so much in this that Google encourages employees to spend 20 per cent of their time pursuing whatever they find interesting. Now to most companies, giving employees one day a week to work on their passion projects may seem outlandish. But we've had amazing success. In fact, as many as 50 per cent of the products we work on are a result of this policy.

Without it, you wouldn't have Google News, Google Talk or Gmail.

I give you these examples as proof that by opening yourself up to the innovation of your colleagues you will see greater success, and see that taking the risk is worth it.

We create platforms that allow us to open source ideas internally and collaborate with artists, developers, brands, agencies and people who come to us with wonderful ideas.

We do some great things at Google. But that is because we unleash the collective creativity and productivity of our people—and people all over the world. There are lessons to be learned from our approach.

Conclusion

If you'd indulge me, I'd like to close my discussion with a quick story about a fishing village in Mexico and sadly it does not involve tequila.

As I'm sure many of you have seen on your travels, small fishing villages dot the coast of Mexico. Here tourists will often see the catch of the day being hauled in for market. The crab vendors, known as "crab-masters," keep their catch in large, shallow pans for the tourists to see and buy. One tourist, seeing the crabs scuttling about the pans, wondered why, with their long legs and claws, they don't just reach up and pull themselves to freedom.

The crab-master replied, "Well Senor, these crabs have a characteristic that is indigenous to only this kind of crab; every time it reaches up to pull itself to freedom, the other crabs reach up and pull it back into the pan."

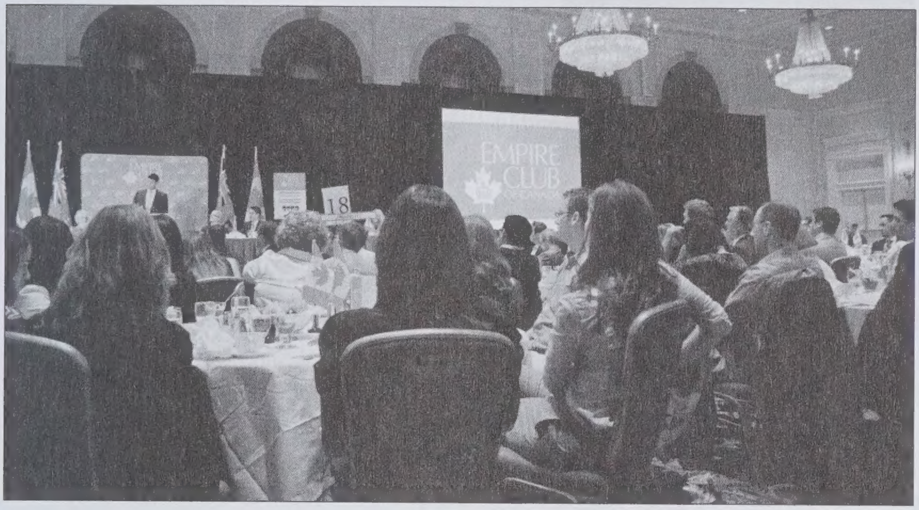
So as we set ourselves to the task of fixing Canadian innovation, we may run into some "crabs" who try to pull us back, who say it is in Canadians' nature to be afraid to innovate, to be too risk-adverse to be a technology leader.

Mahatma Gandhi said, "You must be the change you want to see in the world."

As I look around this room, I see the business acumen, the proven risk takers, the innovators of Canada's business leadership. I think we, as a country, have what it takes to rise to the challenge I laid before you at the beginning of this discussion and to establish Canada among the elite in the digital economy.

Thank you.

The appreciation of the meeting was expressed by Brendan Maher, National Industry Leader, KPMG LLP.



The head table assembled at our reception prior to the Chris O'Neill luncheon.

Verity Craig, President, The Empire Club of Canada, and Partner, CV Management, with Chris O'Neill, Managing Director, Google Canada, signing the Empire Club guest book, prior to our luncheon.

October 11, 2011

Ezra Levant

TV News Anchor, Best-Selling Author and Provocateur

ETHICAL OIL

Chairman: **Verity Craig**
President, The Empire Club of Canada

Head Table Guests

Tim Reid, Director of Business Development, ZED Financial Partners, and Past President, The Empire Club of Canada; Bishop Mark MacDonald, National Indigenous Anglican Bishop; Alana Williams, Student, Rosedale Heights School of the Arts; Claire Kennedy, Partner, Bennett Jones LLP; Doug Pepper, President and Publisher, McClelland & Stewart; Dennis Matthews, Director of Marketing, Sun News; Andrea Wood, Chief Legal Officer, WIND Mobile, and Director, The Empire Club of Canada; Stephen Bowman, Managing Partner, Toronto, Bennett Jones LLP; and Brad Martin, President and Publisher, Random House.

Introduction by Verity Craig

Rare is the opportunity to introduce someone with the complex notoriety of today's speaker. To be completely frank, it's hard not to be intimidated by the task ahead of me. While no single word or phrase can possibly describe our speaker today, I will offer this single sentence. Ezra Levant is a lightning rod for opinion—both his and those of others.

Our speaker, Ezra Levant, is a lawyer, writer, political activist, and media personality.

He is the founder and former publisher of the Western Standard, hosts "The Source" daily on the Sun News network, and has written several books on politics. His most recent book is "Ethical Oil: the Case for Canada's Oil Sands."

Born in Calgary, Ezra holds a commerce degree from the University of Calgary and a law degree from the University of Alberta.

Over his career, he's taken on the Canada Pension Plan, trade unions, the minimum wage, universal health care and subsidized tuition.

If Ezra were a hockey player, you'd probably describe him as leaning right while shooting at the left.

He is dedicated to free speech, human rights, and the cause of conservatism.

His commitment and ability to sell a vision made him a prime mover in what we've come to know now as the unite-the-right movement.

He gave it the energy that fostered the merger of the Reform Party and the Progressive Conservative Party of Canada into the party that now governs our country.

The National Post declared that his book, "Shakedown," was the most important public affairs book of the year.

His current book, "Ethical Oil," and its premise that the real test of ethical oil is not in comparing the oil sands to some impossible, ideal standard, but comparing it to its real competitors has shaken government, public, and media opinion not only across North America, but around the world.

Ladies and gentlemen, please join me in welcoming Mr. Ezra Levant.

Ezra Levant

Thank you very much, Verity. When you said, "No one word sums up Ezra Levant," I'm very grateful that people didn't shout out suggestions for what that word might be.

It's a pleasure to speak at the Empire Club. I'm a simple boy from the colonies way out west in Alberta where, frankly, a chicken lunch would have been the vegetarian option. It's nice to be in the heart of the Empire at the Royal York. It's a pleasure to be here. Thanks to Bennett Jones, so many of you are here today. It's because of you that frankly I'm not in jail right now. Let's be honest and we'll deal with the parole officers later.

Folks, it's great to be here. I am limited in time because I've got to go and tape my show at 2:00 p.m. so you're very lucky. This will not be the two-hour speech it normally is.

I want to tell you about "Ethical Oil." It's a book that I wrote by accident. I know that sounds funny. How do you write a book by accident? Well, it's the truth. A couple years ago, I had written a book and my friend, Jonathan Kay, helped me out. It was called "Shakedown" and it was about freedom of speech and human rights, that sort of thing.

I was at the Ottawa Writers Festival talking about it. I was there a little bit early and they said, "Look. There's some guy downstairs talking about the oil sands. Why don't you go downstairs and make it a panel discussion?" I said, "Well, you know, I really don't know anything about the oil sands." "You're from Alberta. You're an expert. Go." I didn't want to be rude. They were very generous to me so I went downstairs and there was a room not much bigger than this. All of the walls were adorned with what I call "oil sands pornography," these poster-sized pictures. This is from the Greenpeace Web site. That's oil sands porn. It was designed to get an emotional reaction and I just made a joke, "Oh, there's my apartment right there." I tried my best but basically, let's be honest, I made everyone in that room angrier at the oil sands by the time they were finished.

It's not that the people in that room were malicious or hostile. They weren't professional fundraisers from Greenpeace. In fact, the average person in that room was a do-gooder. They were a little utopian but they were idealists. The average person in that room was a 20-something, university student from McGill, who had never been west of Hamilton, and was maybe taking vegetarian studies. You know whom I'm talking about. Let's call her "Zoe." There's a picture of me, by the way. There's a picture of me, an artist's rendition of me, being chased out of there. It didn't go very well. Zoe didn't like what I had to say. What was wrong? I think I'm a persuasive fellow but the people in that room hated it. I wondered in one of my rare moments of self-reflection what I did wrong.

I thought the problem was that I'm a right-wing guy and I'm a skeptic of the theory of man-made global warming. I like profits. Everything I was saying was just needling, needling, needling and making people angrier. I thought, hang on a second, what if I threw out my vocabulary, my words, and I tried again. I'm a right-wing guy. What if I tried to write a left-wing book? Can a right-wing guy write a left-wing book? I don't know.

Every guy in this room spends half his time thinking about what women want, so if a guy can think about what women want maybe a right-wing Conservative from Alberta can say what Zoe wants. What does Zoe care about? If you ask her she'll say she cares about the environment. There's Saint Suzuki looking up into heaven. "I'll be with you, my fellow angels. I'll be there soon." There's David Suzuki. Zoe would say she believes in clean air, clean water and clean soil. In the last 10 years, Zoe has been taught to be totally terrified of greenhouse gases. I am emitting some greenhouse gases right now, carbon dioxide. There are some people in the room emitting methane. I will not point you out.

The first thing that Zoe cares about is environmental responsibility. If you look at the word "Greenpeace," the first part is the green but then there is the peace part. Zoe cares about peace if you ask her and that's not all. Zoe cares about the plight of the working man. Zoe is only working at Starbucks as a barista but she still sympathizes totally with the working man. I'm not making this up.

A large part of the progressive movement in Canada is the labour unions. They certainly helped elect the new premier here but that is not all that Zoe cares about. I care about right-wing stuff but Zoe cares about environmental responsibility, peace, the treatment of workers and probably the most important thing to Zoe is so fundamental she probably doesn't think of it unless she's prompted. It's human rights.

We take it for granted in Canada. We have a woman as the Supreme Court Chief Justice. The last two governors-general in a row were women, immigrant women actually, who take it for granted that women, men and all races are equal. It's so normal in Canada we don't think about it. If you were to prompt Zoe, she'd say, "Yes, it's very important to me."

These four values—environmental responsibility, peace, the treatment of workers and human rights—are what Zoe talks about. These are Zoe's progressive values. This is not how I talk. I actually agree with these things. I might put them in a slightly different order and I would use a different lingo. I wouldn't say "treatment of workers" or "economic justice." I'd say "freedom of association," "the right to unionize," things like that. These are the four values that Zoe has. The problem that ruined that day in Ottawa when I lost the debate was there were so many people in that room who were good faith Liberals, who were trying to make the world a better place, and were comparing the oil sands with some fantasy fuel of the future that's perfect in every way. It just hasn't been invented yet. Lithium crystals are totally awesome. We should totally get off oil and use lithium crystals. Great idea. Let me know when it happens. You probably won't have to let me know. I think I'll hear about it. In the movie "Avatar," they were mining "unobtainium" which is a pretty good name for it because it hasn't been invented yet.

If you're going to debate oil sands versus the fantasy fuel of the future, I have to tell you right now you are going to lose every time but that is not a morally serious discussion. Zoe, who really wants to heal the world, is dealing with real choices in real life. The thing is if you do not fill up your car today with gas from the oil sands, you are going to be filling it up with gas from somewhere else and forgetting about Canada. We're fueling 300 million Americans down there. I can tell you right now where they're going to get their oil from if not from the oil sands, because I know where they got it from before the oil sands came along.

If we were talking about olive oil, fine, buy it from whom you want. Greece, Italy. Good folks. With the crude variety, I don't know what God was thinking when he was handing out this stuff but he gave it all to the world's bastards. Look at this list of countries. This is the top-10 list of countries ranked by oil reserves. The skull and bones is my symbol for OPEC. It's not its real corporate symbol, I should let you know. I think when the cameras are off, they put on their pirate hats and say a lot in Arabic.

Russia is not a member of OPEC. It's terrifying enough. It doesn't have to be. It's got Vladimir Putin there. You will notice we are the only western liberal democracy on that list of top-10 countries ranked by reserves. Reserves are a good measure because that's where oil's coming from 10 years from now, 20 years from now. It's us and a bunch of terrorists and murderers and dictators and bad people.

If Zoe was here now, if I could go back in time and try to win that debate, I would say, "Zoe, fine. You don't like oil sands. Fine. You care about your four liberal values—environmental responsibility, peace, treatment of workers and human rights. Fine. Tell me where you want your oil from, Zoe, because it's not enough for you to say lithium crystals?"

If Americans don't fill up their cars with oil from us, they're getting it from somewhere else. By the way, with not driving, no one means it in one of the largest countries and coldest countries in the world, but it doesn't even matter because in the year 2009 we reached the tipping point. That was the first time ever more cars were bought and sold in China than in the United States. They all want to be two-car families and the same with India. Even if every single Canadian in an act of moral righteousness said, "We're not going to drive any more." Fine. It won't make a difference. China will burn all the oil they need. That's why the world's demand is increasing. Consider these four values, these four liberal values. If Zoe was here today—there may even be a few Zoes in the crowd here—she would say, "Yes, yes, that is what I stand for." Fine, Zoe. Then go around the world to these top-10 countries. Take a tour of the world and come back to Canada. I put it to you that using your liberal criteria—not my right-wing, George Bush talk, your left-wing, Greenpeace talk—that oil sands oil is the fair trade coffee of the world's oil industry. Absolutely. Think globally, act locally.

Let's go through these very quickly. That is a picture of the oil sands, that oil sands porn. It looks like something out of…I don't know…the land of Mordor in "Lord of the Rings." It looks like a moonscape. It is awfully ugly and that is actually the chief problem with the oil sands. It is ugly which is why it's so profitable for Greenpeace to put those pictures in their fundraising letters. Here's a fact. Only with 2 per cent of the land mass of the oil sands is the oil close enough to the top to mine it this way. You don't strip mine something that's a kilometre down. The oil sands are the size of Florida or the size of the UK. They're huge. If you were to believe the Oil Sands Act you would think the whole thing would be dug up. Only 2 per cent will of course and not all at once, but over the course of 50 years.

The rest will be mined this way. This is called "in situ"—underground. All this area where the trees are growing and the critters are frolicking and birds are chirping is the oil sands. This is the footprint here and then the pipes go underneath it. I'll tell you how it works in a minute. Water use. Only 2 per cent of the river flow is allotted to all 100 oil sands companies combined. Only 1 per cent of that is used and even that is restricted during a period of low flow.

I'm just going to whip through some of the science here. I'm compressing a three-hour speech into 40 minutes. Forgive me. Here's the chart I was going to show you. This is how the underground oil sands works. You have one pipe going and steaming it up, the other pipe pulling it out. The top is not disturbed. There are no tailings ponds. There is no fresh water used. Why am I giving you these little factoids? Why am I showing you this? Because I don't think I can actually de-program an Al Gore robot into all of a sudden liking the oil sands. If I could present a few facts here showing the oil sands are maybe not quite as horrendous as they ought to be on their first criteria, maybe I can buy enough time to talk about peace, treatment of workers and human rights. Let me show you.

By the way, if you care about tailings ponds, the phosphate tailings ponds in Florida are two or three times as big as the oil sands tailings ponds up here but we won't mention that because we love our American friends.

The first time I ever heard of carbon dioxide was when we were learning about photosynthesis. It was called "plant food" back then, but now it's called a "pollutant." I'm not kidding. This fellow was speaking in Jeddah? What country's that in? Is that in Switzerland? He was speaking in Jeddah, Switzerland. I'm kidding. Jeddah's in Saudi Arabia and he condemns the oil patch in America. He doesn't really criticize it in Saudi Arabia. He has convinced us that carbon dioxide is a pollutant. I'm a skeptic on that. I don't try to convince Zoe not to believe in her pagan cult that says carbon dioxide is angry and we are enflaming the goddess Earth. I don't try to deprogram someone because it would be like someone telling me to convert from my religion. It's just not going to work. I would say, "Fine. I accept Zoe, that carbon dioxide is a pollutant. Fine, fine. I accept that."

Let me prove to you though that over the last 20 years according to Environment Canada, the per barrel amount of carbon dioxide has fallen by 29 per cent in the oil sands. To make one barrel of oil in the oil sands today, we use 29-per-cent less energy, with 29-per-cent fewer emissions than 20 years ago. I can hardly wait to see what we're going to be five, 10 years from now. We're getting better all the time. I can assure you they don't care about those things in OPEC countries. If you don't care about people, you're probably not going to care about flora and fauna.

All 100 oil sands companies combined emit about 45 megatons of carbon dioxide a year. "Mega" sounds pretty big but in comparison a single coal fire power plant in Asia, one plant, emits 42 megatons and they're building two or three of these each week in China.

Here's a picture of a power plant in northern China. That black stuff in the air is indeed carbon. It's not carbon dioxide. It's particulate pollution. They're building two or three of these a week in China. That's real pollution in the air. According to the World Bank and the IMF, 20 out of the 30 most polluted cities are in China. By the way, the air quality in Fort McMurray is cleaner than in Toronto. We can shut down the oil sands and I can assure you it would make not a drop of difference in the world.

This is the Taichhung power plant in Taiwan, 42 megatons of carbon dioxide. They're expanding to 56 megatons. Look at that haze. That's awesome. Of course, underground coal mine fires in China emit 360 megatons of carbon dioxide. That's sort of oops, boss, I lit the coal mine on fire. That thing's going to burn for a century. I'm just trying to put things in perspective a bit.

Those red dots are the amount of carbon emitted by U.S. coal-fired power plants. That yellow dot in Alberta is all the oil sands combined really or is that the blue dot? They're both little dots. If you actually cared about carbon, you would probably focus on other things, unless maybe you had a competitive or corporate or trade agenda.

That's your oil sands oil per barrel. That's how much carbon dioxide there is per barrel in oil sands oil. It is true that your Saudi Arabian Moammar Gadhafi special has about 6-per-cent to 10-per-cent less carbon dioxide per barrel than the oil sands. It's true because they don't have to boil it out of the sand like we do.

If you don't care about blood in your oil, go ahead and buy your Saudi variety. If you're buying from Nigeria and Iraq, their carbon dioxide per barrel is about the same. This is using the Obama administration's Argonne National Labs well-to-well comparison. This is not Haliburton remember. This is Barak Obama's numbers. Because they flare so much of the natural gas that comes up with their oil, they just burn it. Nigeria burns $2 billion worth of natural gas a year. They just flare it. We catch it and sell it. Venezuela has very high carbon oil. That's the oil that would be displaced by the Keystone XL Pipeline. We would actually be displacing higher carbon fuel from Venezuela with our lower carbon fuel from the oil sands. What's the highest carbon fuel in the world? It's from California. It's so high in carbon it's called "California Heavy." It's so heavy it had to be exempted by Nancy Pelosi and Arnold Schwarzenegger in their low-carbon fuel standards.

From arguing with Zoe, getting rid of all the oil in the world is not realistic but wouldn't you agree with me that we should take what steps we can? Shouldn't we replace as much California Heavy and as much Venezuelan oil with oil sands oil knowing that our oil is lower carbon per barrel? If you care, Zoe. You told me you cared. You told me you cared. Zoe, take your hands out of your ears and listen to me.

I'm not going to convince anyone who's been an Al Gore-bot their whole life to suddenly love the oil sands but maybe I can fight them to a draw and say, "Alright, but you care about more than just green. I know that because your organization is called 'Greenpeace'." We Canadians invented peacekeeping. We won a Nobel Prize for it. The Saudis invented 9-11. Fifteen out of the 19 terrorists came from that country. They are still the world's largest financiers of terrorism. Iran is using its oil money to build nuclear weapons and long range missiles. This is Russia invading Georgia. Oil has refreshed their treasury. This is Sudan. That's a neighbourhood called Darfur. Three hundred thousand people were murdered in Darfur according to the low estimate by the UN. If you take 300,000 people, multiply it by 185 ounces of blood per human body, divide that into the number of barrels of oil exported by Sudan over the same period of time, it's 6.5 millilitres of blood in every damn barrel exported by Sudan. That's about as much blood as would fit in a lipstick tube if you were the kind of person who would put blood in a lipstick tube.

My point is those Sudanese were so stupid. Why didn't they become birds or whales so Greenpeace would give a damn? It is true that 1,500 ducks that sat down in a tailings pond in Alberta by accident when the electronic scarecrow wasn't working is true mea maxima culpa. Sixteen hundred birds were killed. Now Greenpeace would use the word tragedy. I would not. I would say industrial accident. I would say PR disaster. They were prosecuted in a criminal court. Maybe you guys were in the law firm involved with that. It was a showdown, a $3-million fine. I would call it a prosecutorial abuse of power and resources. I'm not going to call it a tragedy because I need to keep the word "tragedy" sharp like a rarely used knife because every once in a while, there actually is a tragedy in the world. If I call this a tragedy, what word is left when there really is a tragedy? Sixteen hundred ducks, 300,000 people. Which one has the Greenpeace protests? Which one is in the Greenpeace fundraising letters? Stupid, Darfuris, why couldn't they just have dressed up as dolphins or something? Oh, by the way, if you care about birds per unit of energy, windmills kill 445 times more but that's only if you care about birds. I care about birds very deeply. I can put away about 50 chicken wings on pub night.

Treatment of workers. Anyone here been to Dubai? Anybody here been to Dubai ever? It's super awesome. That is a picture of the world's largest building called the Burj Khalifa, named after the dictator of Dubai. Of course, he's going to call it after himself. It's sort of a phallic issue there. It is a gleaming tower. There are so many gleaming, pretty things, very shiny. If you like white alabaster pillars, you'll like Dubai. It's like the U.S. south before the civil war—lots of beautiful plantations, white pillars. Don't look at all the brown people. For every Emirati, there are four foreign indentured workers, always minorities, often from the Philippines, Thailand, Bangladesh, or fellow Arabs, or Palestinians, who live in squalor. This is pretty. This is ugly. This is the reality. It's not just men. There are literally millions of indentured women throughout the Gulf. If you think they're just economically abused, if you don't think they're physically and sexually abused, you are hiding your eyes.

Who's this man? Sani Abacha, the $5-billion man. What did he do? He stole it from Nigeria. According to Nigeria's own commission of corruption, these are their confessions. The Nigerian government itself admits to $366 billion stolen over the years by their own politicians and bureaucrats. That works out to $18 a barrel for every barrel ever exported since 1960. The price of oil hasn't always been 18 bucks. They were stealing 18 bucks a barrel when oil was only costing 14 bucks. That's how they treat workers there. How do we treat workers in Fort McMurray? $150,000 for a welder—the most generous in the richest city in Canada according to the United Way. The most generous city in Canada also.

Human rights. I've got to speed up because I do want to leave some time for questions. I've got to go do a TV show. Human rights. This is a picture of Melissa Blake. She is the Mayor of Fort McMurray and was just reelected last year. It is completely unremarkable to have a young woman mayor in Alberta. Alberta was where the Famous Five were from. The first female magistrate in the British Empire—Beverly McLaughlin, Chief Justice. We had the first Muslim mayor in Canada. We are a meritocracy.

Question: How many young women mayors are there in Saudi Arabia? There are none. It is against the law to be a young woman mayor in Saudi Arabia. It's against the law to vote for a young woman in Saudi Arabia. It's against the law to drive, against the law to go out without your coffin, your one-woman burial shroud on, against the law to feel the sun on your face in Saudi Arabia if you're a woman. It's against the law to get elective surgery without the permission of your husband/owner in Saudi Arabia. It is against the law to be raped in Saudi Arabia. I did not say "to rape." I said "to be raped" because to be raped in Saudi Arabia is the crime of adultery and you will get the lash for your crime of being raped. That's Saudi Arabia and Iran. This is a picture from Amnesty International where they actually stone women in the twenty-first century.

Do you care about gays? Zoe does. Let me tell you that in Iran, according to the U.S. State Department, since the revolution 4,000 to 6,000 gay men and lesbians have been executed for the crime of being gay. This is an actual photo of two gay men being hanged for just that. In Dubai, they're much more liberal. They just throw gays in jail and pump them full of medicine to "de-gay" them—very, very liberal over there.

That is an aboriginal worker in the oil sands. The oil sands employ aboriginal people in Canada. They are not fake work, make work, affirmative-action jobs. They need the labour—$100,000, $150,000-a-year jobs and that's just the direct employment. There are aboriginal bands out there, like the Fort McKay band, with zero-per-cent unemployment. The companies come in and beg the kids to finish high school They say, "You finish high school and we'll give you a 6-figure job." They probably have better high-school completion rates on some of those reserves than in some parts of Toronto, I dare say.

Listen, I've told you the case against the oil sands and I've done it the best I can but I'm going to take just a couple more minutes. How are we doing for time? I'm going to whip through some more slides. I have 104 slides.

This is a pipeline. This is a pipeline that's proposed to go from northern Alberta all the way down to Texas. This red one is there right now. It's called "Keystone." The yellow dotted line is called "Keystone XL." Why would you sell oil to Texas? That's like selling ice to Iqaluit. Well, the reason is because that's where all the refineries are. This pipeline would displace Hugo Chávez's conflict oil and replace it with ethical oil that also happens to have a lower carbon footprint. It will pump $20 billion into the U.S. economy. It will be the largest property taxpayer in many of the counties through which it flows. This is just us being friendly neighbours. Hey, we've got an idea. Here's our idea. Bunch of new jobs, bunch of money, bunch of taxes. It's just a suggestion from your friends or you could do what you're doing now, spending $50 billion a year securing the Persian Gulf sea lanes. This is the USS Cole that was attacked by Al-Qaeda, 17 people killed. You could spend $50 billion a year being the Brinks truck to get the Saudi oil in. Divide that into the number of barrels of oil America imports from the Gulf, Saudi Arabia, Kuwait, Bahrain, etc. It works out to a $54-a-barrel subsidy. You can have your American taxpayers and your

American servicemen provide blood and treasure to escort your Saudi oil. How's that working for you? As Phil would say, "It's just an idea, just an idea." Why don't you get off the OPEC oil and have a secure supply from your friends to the north who don't hang women and gays. Just an idea.

Here's another idea. Why don't we sell our oil to China? That way we don't have just one customer. The anti-oil sands activists, besides attacking oil sands, said we cannot have any tankers. Tankers are dangerous. There are tankers going up and down right now bringing oil from Alaska. There are tankers already exporting oil from Vancouver. Eastern Canada imports its oil by tanker. Did you know that 54 per cent of Canadian consumption is actually imported? All that good stuff from the West we sell to America. You guys out here are bringing in conflict oil. This is one of Paul Martin's boats that leaked diesel into the St. Lawrence Seaway. That's the boom to stop the leak. This is…oh, my God, we would never let boats go that closely out west but that's…look at this, oh, my God, that would be…like my wife saying, "Ezra, can you drive for a minute? I just have to go to the bathroom." Yikes. That is an actual cargo ship wedged sideways in the St. Lawrence Seaway. That's another shot of the, "Boss, I just wasn't looking."

My point is could you imagine the freakout if these boats were exporting ethical oil? We have accidents all the time with conflict oil. This is a conflict oil tanker in Labrador run aground. This is a conflict oil tanker run aground in the Northern Passage. There's a whole Web site dedicated to oil tankers running aground. That's where I got these pictures.

My point is that people who say they're against oil tankers are not. They have no problem with us importing conflict oil in strange conditions, treacherous conditions. They only hate ethical oil going out. They're happy with unethical, conflict oil, sharia oil, gay-bashing oil coming in.

What's this slide? I'm joking around. This is the most un-Canadian guy I know. He's not anti-Canadian. He's just un-Canadian. By that I mean he's got so much chutzpah, I don't think he could survive in this country for more than a few days. The four values I've talked about—environmental responsibility, peace, treatment of workers and human rights—are Canadian values. Unfortunately, there are other aspects to being Canadian—modesty, humility, opening the door for the other guy, being quiet, being a little bit demure, deferential. That is great in a person. It's wonderful to have humility as a personality trait and one day I'll know what that feels like. For a country to be humble and un-Donald Trump-like doesn't work when your competitors are the world's butchers. We're the gentlest country in the world. That's why Greenpeace comes here to break into refineries. Try breaking into refineries in Saudi Arabia or Iran or Venezuela or Nigeria or even post-9-11 United States. The reason they come here is precisely because we're so gentle. When they broke out of the Calgary Tower, the police held traffic back to protect them. That is not how it works in Saudi Arabia.

I'm going to whip through a few more slides so quickly, Verity, you're not going to believe it.

I set up a Web site called www.ethicaloil.org. Let's perpetuate the idea because I've got to go to get a real job now at the Sun. Thanks to The Sun, by the way, for buying lunch. Appreciate it. I set up a Web site, blah, blah, blah and put together some comparison ads and there we go. The Saudis took note of it right away. I did not know that at the time. The Saudis started to visit our Web site. Dictatorship versus democracy. Sudan versus .... How are gays treated in different countries? We started getting a little bit of traffic. We had 41 visits from the Kingdom. We were just getting 3,000 visits a week. Okay, fine. It's not a big Web site. It was coming along. Daily blog entries, myths and lies exposed, PayPal, thank you very much. A thousand likes on Facebook. It was coming along. Twelve hundred Twitter followers. The Globe and Mail said they liked the oil diamond analogy, the conflict-free diamonds. Things were coming along fine. This is a coda to my story, by the way. Calgary Herald liked it. They put it on the front page. Two hundred and eight media mentions. Oh great, coming along. National mentioned it; we got 479,000 Google hits. That's pretty cool.

Then we had this TV ad. Can you press play on the TV ad just for 30 seconds?

TV ad: FACT: Last year we bought over 400 million barrels of oil from Saudi Arabia. We bankrolled a state that doesn't allow women to drive, doesn't allow them to leave their homes or work without their male guardian's permission and a state where a woman's testimony only counts for half of a man's. Why are we paying their bills and funding their oppression? Today there's a better way. Ethical oil from Canada's oil sands. Ethical oil. A choice we have to make.

We scraped together $2000. That ad cost about 500 bucks because there's a lot of stock imagery and we paid 100 bucks to do the voice. We got the Oprah Winfrey Network to run that ad like six times. It was just to say it ran on TV and let Oprah Winfrey sort of make the point about women's rights. We put it on YouTube and no big whoop. Okay, fine. It was done but then we got a call from something called Telecaster. That's the Canadian agency that approves TV ads and it said, "Ezra, we have received a threatening letter from the Saudis." I said, "No, you haven't. BS." But they said, "Yes, they hired one of the world's largest law firms, Norton Rose, 2600 lawyers, to threaten TV stations and the Telecaster Broadcasting Authority not to run that ad again." Our tiny little Web site, that I thought no one was watching, was watched by the Saudis and they hired the biggest gorilla in the room. We instantly tried to buy ads on every network and CTV said, "Yes." Then they got a letter from Norton Rose and they wrote back and said, "No." We had an instance where Saudi Arabia was bringing in…not a fatwa, I wouldn't call it a fatwa but it was threatening. It brought in a little bit of their intolerance and their censorship from Riyadh to Canada and shame on CTV for complying. I knew we had struck a cord. They proved my very point about Saudi Arabia being intolerant to dissent. We love complainers so much in Canada that we take the country's biggest complainer, we give him a 6-figure job and a free house and we call him the Leader of the Opposition. In Saudi Arabia, they put him in jail or kill him. Oh, boy, 52,000 people went to YouTube to check out the ad the Saudis didn't want them to see. Thank you, King Abdullah or whatever your name is.

A couple of you are sitting at a table sponsored by Americans for OPEC. We have a little group called "Americans for OPEC" and they went down to the White House to stop Canada, blame Canada and sort of point out that if you're not bringing your oil in from Canada you're getting it from somewhere else. Americans for OPEC, blame Canada. What's my point? I want people to remember that there is always a choice and the choice is not between oil sands oil and the lithium crystals. We had a little counter protest outside Lush, a store that said, "Oh, the oil sands. We don't like the oil sands. We don't like oil from the oil sands." Okay, fine, Lush. Here's a couple of performance artists in the Byward Market in Ottawa handing out pictures about Lush. Lush attacks Canadian oil sands yet does business in Saudi Arabia. What's a company that believes in women's freedom and empowerment doing doing business in Saudi Arabia? How dare they take on the oil sands? They did not like this campaign.

The Saudis made the front page of the National Post and also the Calgary Herald. Jason Kenney went on a tear. Even the Toronto Star wrote about it. I can't even read that. There was a funny cartoon in the National Post. We don't take kindly to foreign governments threatening John Baird and Joe Oliver. Even Paul Dewar, the NDP, doesn't like the oil sands much. I think the Saudis should probably stick to regulating their own affairs. Go pound sand. I love saying that. It sounds a little bit racist but it's not. Go pound sand. I love saying that to Saudis.

I'm going to close with an idea. It's just an idea. I call it "certification marks." Every piece of clothing you are wearing has a label, country of origin labeling. Made in Canada, made in China. Everything in Walmart, everything in Toys "R" Us. Where's your oil come from? You go to the gas pump. You don't know. You just know octane. I don't even know what that means. How about if we have one pump that said, "Made in Canada"? Okay. One pump, "Made in Nigeria." One pump, "Made in Saudi Arabia." By the way, it all costs the same. Which one would you choose? What would happen? I hope the government brings in this but even if it doesn't, I think we can go ahead with certification marks. Ethical oil. Make a statement. Ethical oil. Fill up with ethical next turn. We serve ethical. What do you think of that idea? What do you think of that? If it was all the same, wouldn't you choose the gas that didn't support the terror of the world, the invasion of Georgia? Point of sale labeling, even on your receipt. You made the ethical choice.

My next project, my friends, is to try and find an ethical oil company to put this on their gas pump and to say, "Hey, Canadians, if you don't like those Saudi thugs, why don't you choose the ethical choice?"

I'm Ezra Levant. It's called "ethical oil." I'm having fun. Thanks for your time.

The appreciation of the meeting was expressed by Doug Pepper, President and Publisher, McClelland & Stewart.

October 14, 2011

His Worship, Rob Ford

Mayor, City of Toronto

REBUILDING OUR FISCAL FOUNDATION

Chairman: **Verity Craig**
President, The Empire Club of Canada

Head Table Guests

John Walker, President, Transition Plus, and Director, The Empire Club of Canada; Jennifer Almeida, Student, Harbord Collegiate Institute; Captain The Reverend Don Aitchison, Chaplain, Trinity College School; Christine Elliot, MPP, Whitby-Oshawa; Simon Lockie, Chief Regulatory Officer, WIND; Beverly Brooks, Managing Director, Kingsdale Communications, and Director, The Empire Club of Canada; Bruce McCauig, President and CEO, Metrolinks; and Anthony Lacavera, President and CEO, Wind Mobile.

Introduction by Verity Craig

Rob Ford came to politics through the roots of his family, as the son of former Conservative MPP, the Honourable Doug Ford. I can only imagine the dinner table conversation, decades ago, when the Ford family gathered to share a meal. No doubt the needs of the community, the province, and our country were served up as sustenance, along with their traditional meat and potatoes.

In 2010, as candidate for mayor, Rob came to the Empire Club to express his vision for the City of Toronto. Today, we are not only excited that he was indeed successful in his election campaign, but that the man now known as Mayor Ford has returned to update our members and guests about his progress to date and what he sees for the future of Toronto, the greatest city in world.

There are days, I think, when all of us believe we have a tough job to do no matter how much we enjoy it.

But when I see the job Mayor Ford took on, it makes mine seem like a walk in the park—except that I am not responsible for funding the park, maintaining it so that it is safe, and available for the entire community's enjoyment. Mayor Ford's job makes even a walk in the park time at work.

The government of Toronto is the sixth-largest government in Canada—well ahead of several provinces and territories. In fact, if you combined all the Atlantic provinces—Newfoundland, New Brunswick, Nova Scotia, and Prince Edward Island—their entire population would not equal the number of citizens of Toronto that the Mayor has to serve.

The city has over 45 thousand employees and one of Mayor Ford's many responsibilities is to lead a city council of 44 fellow elected officials.

And you thought the committee meetings you had to attend were tough.

Ladies and gentlemen, please join me in welcoming the Mayor of Toronto, His Worship Mayor Rob Ford.

Rob Ford

Nineteen years ago, on October 14, 1992, the Toronto Blue Jays won their first American League pennant. It set up a two-year run that defied everyone's expectations. A Toronto team did something no one thought possible: back-to-back World Series wins outside the United States for the first time ever. Well, almost 20 years later, the City of Toronto is trying to do something many think is impossible. We're trying to do something that should have been done 14 years ago when the city was amalgamated.

We're trying to fix Toronto's financial foundation.

And do you know what? Just like the '92 Blue Jays, we are going to succeed.

This afternoon, I'd like to tell you a little bit about how we're going to do it. First, let me tell you why it's essential that we succeed.

Everyone has his or her own idea of what Toronto should become. Some want Toronto of the future to be a world leader in "green" practices. Others see Toronto as the world's next financial hub. Still others want Toronto to be a global centre for arts and culture.

Whatever your dream for our city is, it depends on one thing. Your dream depends on our ability to make our own choices, to chart our own course, to shape our own destiny.

The sad truth is that we are losing our ability to make our own decisions.

Toronto's financial foundation is crumbling. If we don't fix the foundation now, our dreams for the future will collapse.

Already, the city's financial situation is limiting our choices about how, when and where to build and shape our wonderful city. Toronto's capital plan—approved by the last City Council—commits the city to borrowing almost $2 billion over the next two years. When added to our existing debt, this means Toronto will hit its debt ceiling in 2014. This means we cannot approve any new capital projects that would require borrowing before 2014. Our hands are tied.

The city's rising debt also puts pressure on our operating budget. About $430 million of this year's operating budget will be spent servicing the city's debt. By 2014, that amount will be over $600 million. We must raise that money by taxing property owners. This growing debt charge contributes to the fundamental fiscal challenge facing Toronto today.

That challenge is the large—and growing—structural deficit in the city's operating budget.

At the beginning of 2011, we faced a $774-million deficit for the year beginning 2012. That's the difference between what we expect our expenses to be and what we expect our revenues to be. That number remains the same today.

This week, we announced the city is running a modest surplus in its 2011 operating budget. If we're lucky, this could produce a surplus of up to $139 million at year-end. That's good news. It is much better to have a surplus than a shortfall. But, it's not a solution to our problem.

For years, we have used unexpected surpluses—one-time revenues—to paper over our deficit. Each time we've done that, the deficit has got larger. Every year, the gap gets harder and harder to fill. Today, this deficit threatens the very foundation of our city.

If we think it's tough to eliminate the deficit this year, we can't afford to wait until next year, because it only gets worse.

Our deficit increases each year because our expenses grow faster than our revenues. Our expenses grow at market rates, driven by inflation, labour agreements and market forces. Our revenues, on the other hand, are tied to property tax and our assessment base has historically grown slower than inflation. Every year, we get further behind.

So, even if we raised property taxes by 34 per cent, to raise an additional $774 million by 2013, we'd have another deficit, because next year's expenses will continue to grow faster than revenues.

Ladies and gentlemen, higher and higher taxes are not the answer.

For one thing, there is a limit to how much we can raise taxes. For many years, private-sector incomes in Toronto have not kept pace with inflation. Yet, Toronto's property taxes grew faster than inflation for 10 years. Imagine if we continued to do that. Eventually, we would be taxing people more than their income. That's impossible. So, any plan for Toronto that depends on annual tax increases above inflation is doomed to fail.

And, while Toronto's residential taxes are lower than nearby cities, our commercial tax rates are higher. This discourages companies from expanding in Toronto and is part of the reason unemployment in Toronto is so much higher than in the 905 region.

Even with our lower residential property taxes, Toronto is one of the most expensive cities to live in. A number of recent studies confirm this. One study lists Toronto as the ninth most expensive city in the world. Another study called Toronto "one of the most severely unaffordable housing markets in the world."

So, our ability to raise property taxes—even if we wanted to—is limited. Our capital spending plans will place additional stress on the operating budget over the next two years. Our expenses continue to grow faster than our revenues. All of this contributes to a significant and growing structural deficit that is already limiting the city's opportunities and choices.

If we don't take action now to repair our city's financial foundation, we will lose the ability to choose our own destiny.

So, what do we do about it?

The good news is we have a plan. We're taking action and we're serious about it.

To eliminate our structural deficit, we must make permanent changes. We are looking for ways to control spending and ways to improve efficiency. We are looking for ways to engage community groups or private companies that can help us improve results. And, we are looking for ways to increase non-tax revenues.

Earlier this year, Council approved our plan to conduct a number of reviews designed to attack the structural deficit. Together, these reviews form a structured, methodical process that will lead to a reasonable solution. The first of these—the Core Service Review—is now complete. Its goal was not to balance the 2012 budget. It was to find permanent savings that will help eliminate our structural deficit.

At the end of the day, the Core Service Review identified $93 million in savings for the 2012 budget and many opportunities for future savings that the City Manager will study further.

A number of Service Efficiency Studies are currently underway that will feed into the 2012 budget launch this fall. Again, the primary purpose of these studies is to find permanent efficiencies that will help to eliminate our structural deficit.

For example, the TTC, the Police Service and the City have always issued separate contracts for employee benefits. One of the first things we did this year was combine those opportunities into one contract. By hiring one provider for all three groups, we saved taxpayers over $6 million.

One key ingredient in any solution to Toronto's financial challenges will be a new relationship with our employees. Together with our Agencies, Boards and Commissions, the City of Toronto employs over 53,000 people. The vast majority of these are hard-working men and women who take pride in what they do for Toronto. But, the fact remains that it takes 37 homeowners to pay for each city worker.

The math is simple. The average city employee costs taxpayers just under $90,000—that's salary and benefits. The average homeowner pays the city $2,400 in tax each year. So, it takes about 37 average homes to pay for each and every city employee. Thirty-seven taxpayers. That's 37 private-sector jobs to pay for one public-sector job.

We need to find better ways of doing business. We need to trim our work force down to a sustainable, affordable size.

Council recently approved a Voluntary Separation Program that will see up to 1,000 employees voluntarily leave the city in exchange for up to six months' severance pay. The one-time cost to the city will be about $41 million. The permanent savings going forward will be more than $60 million per year—every year.

Toronto needs a public service that is flexible, innovative and energetic. We need a public service that is ready and eager for the challenges that lie ahead.

Almost one year ago, I was elected with a mandate to rebuild Toronto's fiscal foundation. As I've outlined, we have a lot of work ahead of us. But, we've already accomplished a number of strategic objectives.

We outsourced garbage collection west of Yonge St. This will save taxpayers over $8 million every year.

We accelerated the city's budget process. Toronto used to approve its operating budgets at the end of April—for a year that starts on Jan. 1. This meant that almost half the year was over before budget changes could impact city spending. This year, we passed the 2011 budget before the end of February. We are now on track to approve the 2012 budget by the end of January next year, and I expect we will approve the 2013 budget before 2012 ends. This allows us to make changes—and save money—earlier.

We are also moving to multi-year budgets. Our next budget should cover the period 2012 to 2014. This will improve our ability to plan ahead and to allocate our resources more effectively.

Let me conclude by saying that Toronto is a great city with great potential. We are the financial and commercial capital of one of the richest, most stable countries on earth. Our diverse, highly skilled work force and location next to the world's richest economy makes Toronto a natural place for international businesses to grow and invest. But, our high cost of living and high commercial property tax rates are holding us back.

We must work to build a Toronto that gets the biggest bang for every taxpayer buck by keeping costs down and running an efficient government with a smaller, more innovative civil service.

We must build a Toronto that generates a significant and growing portion of its revenues from non-tax sources that grow as fast as our expenses.

We must build a Toronto that deals with other governments in a mature way. We must deliver downloaded services at a fair price and in the best interest of Toronto taxpayers.

We must build a Toronto that "recycles" under-used capital assets to provide funding for infrastructure repairs and expansion and to reduce our need to borrow.

We must build a Toronto that sets targets and focuses our economic development and planning resources on growing our assessment base and creating high-value jobs in Toronto for Toronto residents.

We must build a Toronto that uses property tax increases, never above the rate of inflation, and only as a last resort to deal with inflationary pressures.

If we do all this, then we will have built a Toronto that has the ability to imagine its own future and make decisions to achieve its own goals.

You can help us do this.

One of the unique challenges of city government is that we make all our sausage in public. At the federal and provincial level, finance ministers develop their budgets in private, where they can fine-tune them before revealing them publicly on budget day.

At the city level, our budgets are made in public. For people new to this process it's a bit surprising. It's a messy process. But, it's the process we have. And, you can get involved.

The 2011 budget process and this service review have included more public consultation than any other Toronto budget process—ever. As we kick off the 2012 budget this fall, there will be more opportunity to get involved. Come to a public meeting. Send a written submission to the Budget Committee. If you have an idea on how to save money or eliminate our deficit, share it with us. Pick up the phone and let your Councillor know you want them to stay the course. We all know the decisions will be hard, but let them know you believe the outcome is worth it.

If we don't tackle our deficit this year, we will have to tackle it next year. But next year, it will be even harder. We can't afford to wait. Our children and grandchildren cannot afford it.

I strongly encourage you to join us in this task. Help us rebuild Toronto's financial foundation.

To create opportunities for a brighter, better Toronto, we must build on a sustainable, affordable foundation that will last long into the future.

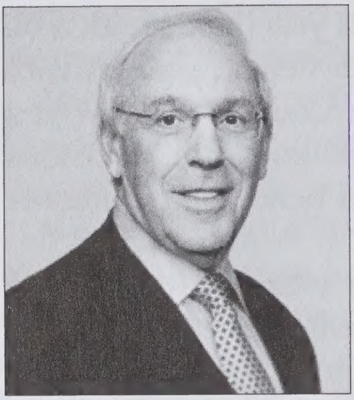
That's why I was elected. That's why every Councillor was elected. That's what the people of Toronto want.

That's what the taxpayers demand. And, ladies and gentlemen, that's exactly what we're going to do.

Thank you.

The appreciation of the meeting was expressed by Beverly Brooks, Managing Director, Kingsdale Communications, and Director, The Empire Club of Canada.

Conviviality reigns at the entertaining reception prior to the commencement of the Mayor Rob Ford luncheon.



October 26, 2011

Ian Greenberg

President and CEO, Astral Media Inc.

THE BUSINESS OF CULTURE IN A CULTURE-DRIVEN BUSINESS, A 50-YEAR PERSPECTIVE

Chairman: **Verity Craig**
President, The Empire Club of Canada

Head Table Guests

Jacques Parisien, Executive Vice-President and COO, Astral Media Inc., and President, Astral Radio; Cam di Prata, Executive Vice-President and Head of Corporate and Investment Banking, National Bank Financial, and Director, The Empire Club of Canada; Captain Dr. John Niles, Senior Minister, St. Andrew's United Church, and Past President, The Empire Club of Canada; Brittany Barber, Student, Rosedale School of the Arts; Robin Sears, Senior Partner, Navigator Ltd., and Director, The Empire Club of Canada; Sidney M. Horn, Partner, Stikeman Elliott, and Board Member, Astral Media; and Darryl White, Deputy Head, Investment and Corporate Banking Canada, and Global Head, Equity Capital Markets, BMO Capital Markets.

Introduction by Verity Craig

It is now my delight and pleasure to introduce our keynote speaker for this afternoon Mr. Ian Greenberg, President and Chief Executive Officer of Astral Media.

Ian Greenberg might not be a household name but all of us know the power of the Astral media brands:

- The Movie Network
- HBO Canada
- Disney
- Virgin

to name just a few.

But that is just the tip of the iceberg:

- They are number one in radio station ownership in Canada.
- They're a leader in the outdoor advertising space.
- They're on top of the rapidly evolving digital space with an advertising network reaching three million consumers.

Celebrating their fiftieth anniversary this year, Astral Media was founded by Ian and his three older brothers as Angreen, running photo development booths for Miracle Mart. Named in memory of their mother Annie Greenberg, Angreen has never stopped developing and adapting to the changing world. Clearly a remarkable story.

Assuming leadership of the company in 1995, Ian Greenberg has spearheaded the transformation of Astral Media into a pure play media company. Inducted into the Canadian Broadcasting Hall of Fame in 2008, Ian received the prestigious Ted Rogers and Velma Rogers Graham Award for his unique contribution to the Canadian broadcasting system. In 1993, Mr. Greenberg and his brothers were awarded the Eleanor Roosevelt Humanities Award.

Currently he is a member of the Canadian Council of Chief Executives, a governor of Montréal's Jewish General Hospital and a member of the Board of Directors of Cineplex Inc. Ian and his wife Linda live in Montreal and have three children and nine grandchildren.

Before I invite Mr. Greenberg to come up, I would like to draw your attention to the screens for a short video.

Ladies and gentlemen, please join me in welcoming Mr. Ian Greenberg.

Ian Greenberg

Thank you very much President Craig for your generous introduction. Members of the Board of Directors of the

Empire Club and distinguished guests, it is my pleasure to be with you here this afternoon to talk about Astral on the occasion of our fiftieth anniversary.

A month ago I had the pleasure of meeting Chris Hughes, one of the founders of Facebook. At just 27 years old, Hughes is approaching billionaire status, is responsible for spearheading the social media strategy, is credited for getting Barack Obama elected, is the founder of Jumo, a social network philanthropic organization, and is absolutely prolific in his knowledge and usage of new media.

I met Chris as he came to address my senior management team on the changing media landscape. During that presentation Chris had a lot of interesting things to say, but one of the things that stuck with me the most was his statement that traditional media is not dead, nor is it likely to die, so long as it embraces new media and evolves to meet the needs of today's demanding consumer.

The need for traditional media to evolve is certainly not a new concept. But coming from a person who can be credited—or blamed—with irrevocably changing the way we all communicate, the comments resonated all the more.

In this regard, Chris and I are in full agreement as I do feel that traditional media will continue to play a rich and integral role in culture and communication as long as it evolves. Now change of this magnitude, though exciting, should not be undertaken lightly. It can be difficult and must be executed with long-term vision and rigour.

In some cases a company must fundamentally change what it is and what it does in order to effect change that will position it for growth in the long term. This is something I have experienced firsthand and let me tell you it ain't easy. It involves a lot of difficult decisions, a strong risk tolerance, and a lot of sleepless nights but, if undertaken properly, these so-called “calculated bets” can yield amazing results.

This year Astral celebrates its fiftieth year as a proud and successful Canadian company. But we didn’t get here by standing still and hoping the world wouldn’t change. In fact, we did just the opposite. We changed and adapted our business many times over the last 50 years. And, as a result, where we are today isn’t even remotely close to where we started—and the company is stronger because of it.

In 1961 my brothers Harold, Harvey, Sidney and I founded Angreen Photo and managed the photo-retailing concession in Miracle Mart stores. Winning the exclusive rights to sell photo products on the Expo ’67 site, as well as souvenir slides worldwide, provided us with the solid financial foundation we needed to build our company.

Over the next few years we entered into other businesses such as video-cassette duplication, film production, motion picture laboratories and sound studios, as well as CD replication. In 1983, my brothers and I entered the broadcasting business when we took control of two struggling pay television channels, First Choice and Premier Choix—today known as The Movie Network and Super Écran. This was a defining moment for us and set the framework for the growth of our company.

But here’s where it gets interesting and brings me back to my earlier point about evolution. In 1995 things were going pretty well for us. We had already been in business for 34 years and our hard work had paid off for us. But when we took a hard look at our asset base and, more importantly, looked at the way the industry was changing and where the potential for growth lay, we knew we had to make some changes; we had to evolve.

So that year we decided to focus exclusively on media and divest ourselves of two-thirds of our asset base. These assets included our 140 photo retailing outlets across Canada, the very business in which we had got our start.

To put the scale of this evolution into perspective, when we initiated this divestiture, Astral's annual revenues amounted to $333 million, with EBITDA sitting at $32 million. Media properties accounted for less than one-third of our business at $106 million in revenues and $23 million in EBITDA. So we were cutting out two-thirds of our business operations in order to focus on the remaining third. We saw the greatest growth potential in media, so we changed course, and steered our ship into the waters of pure-play media.

To say this shift was difficult would be an understatement. This decision meant parting ways with over 1,500 of our employees, many of whom had been with us since the beginning.

In the years that followed our transformation into a pure-play media company, we acquired Radiomutuel and Telemedia, enabling Astral to enter and quickly become a key player in the radio industry by adding several stations in Atlantic Canada, as well as to make our first foray in the out-of-home advertising sector.

In 2007, we completed the acquisition of Standard Radio and became the country's largest radio broadcaster from Vancouver to Halifax.

We also launched numerous television stations over the years to become the largest pay and specialty-television broadcaster in the country, in both languages, with brands like HBO Canada and Disney XD in our stable of properties.

In Out-of-Home, Astral has evolved over the years from a regional player to a truly Canadian media leader with the country's first and largest digital outdoor advertising network with 39 faces in Montréal, Toronto and Vancouver.

As I stand here today, Astral has 22 pay and specialty television networks, 83 radio stations, over 9,500 Out-of-

Home advertising faces and 100+ Web sites. We have grown from a business of four employees to one boasting 2,800 staff coast to coast. And, yesterday, when we released our Q4 and fiscal 2011 year-end financial results, we announced that Astral recorded a fifteenth consecutive year of profitable growth, that is, 60 consecutive quarters of growth—a feat that only a handful of publicly traded Canadian companies have achieved in recent history.

Fiscal 2011 also marked the first time in the history of our company that we hit and surpassed the billion-dollar revenue mark, while EBITDA reached $319 million.

Now, some might think it's time to sit back, relax and bask in the glory of our achievements, but our work at Astral is not done. By the very definition of the word, evolution is never complete but is rather a constant and progressive process. So, as I stand here today, we have begun yet another phase of our company's evolution precipitated by changes that are taking place within our industries, many of which are triggered by the new media technologies and opportunities that I mentioned at the outset.

In our Out-of-Home business, this means looking at new opportunities beyond the traditional horizontal structures. This includes investing in new digital structures and pursuing projects that are larger in scope and present greater long-term returns. Such projects include the Montreal Airport, l'Agence métropolitaine de transport de Montréal—the equivalent of Toronto's GO Train network—and of course the City of Toronto for its street furniture. The latter initiative has resulted in a complete re-imagining and re-engineering of the street furniture, bus shelters, newspaper boxes and park benches that are part of Toronto's outdoor space. Astral was awarded this 20-year contract in 2007, which, with a total of 26,000 items of urban street furniture, represents the second-largest integrated street furniture contract to have ever been awarded in North America.

In our radio business, our evolution is taking place by developing new technologies that embrace the way in which people are consuming music and offering programming that is unique and provides an important point of differentiation. This includes partnering with some of the largest global radio groups for branding and programming agreements. Both Sir Richard Branson's Virgin Radio and Groupe NRJ, the world's largest private radio group, have partnered with Astral in Canada to bring listeners some of the most coveted radio brands in the world. We are also leveraging technology to bring listeners apps for mobile devices and I am proud to say that, as announced last week, Astral will become the first radio broadcaster in North America to launch a streaming and on-demand music service available on the Web and through mobile applications, offering our listeners access to the greatest part of the world's music library.

And then there is our television division, which is, without a doubt, facing some of the greatest changes. The television industry has changed more in the last five years than it has in the last 25 years. Consumer behaviour has changed, content delivery systems have changed, and platforms have changed to alter the television experience.

And, not surprisingly, Astral is changing right along with it. Our television business is built on four cornerstones: great content, long-term relationships with world-renowned brands and distribution partners, premium Canadian programming, and best-in-class technology.

With regard to content, we have exclusive multi-year program supply deals in place with most of the major studios including Universal, Sony, Warner Brothers, Disney, Alliance and eOne. These deals ensure that our subscribers get early, first windows on new movie releases in addition to having access to a rich library of older titles through our channels Mpix and Cinépop.

We have also aligned ourselves with strong, internationally renowned brands like HBO and Disney to ensure that we are the Canadian destination for original series, films and documentaries. In fact, HBO and Disney selected Astral to launch branded channels—HBO Canada, Disney Junior and Disney XD—marking the first time in their company's history that they have entrusted a non-affiliated company to run a service bearing their name, anywhere in the world. We also have long-term agreements in place with such content providers as Showtime and Starz to offer their premium programming on our TMN service, running day-and-date with the U.S.

To compliment this offering, we also continue to work with Canadian independent producers to develop premium Canadian films and series for our services. This includes series such as Call Me Fitz, which recently won seven Gemini awards and films such as "Incendies" and "Barney's Version" which were both up for Academy Awards in 2010.

But all the content in the world won't matter if we can't offer this programming in the manner and on the platforms that consumers want. And this is where our television business is evolving the most.

Astral has always been on the vanguard of technology. We were the first to introduce scrambled services on satellite distribution to protect our business model and that of our distribution partners, the first to launch in high-definition, and the first to offer Dolby 5.1 audio. We were also the first to offer subscription video on demand or SVOD. Last year we were the first to offer an online broadband streaming service with our affiliate partners that enables subscribers to view our content on any computer. This service is now available with Rogers through RODO, with BellTV and with Videotron and the offering continues to expand to other platforms such as mobile and tablets.

Earlier this month we also announced that our Disney XD channel would be one of the first Canadian services to be offered on the Xbox. So we are not only offering the best content, we are going beyond the television screen to offer this content on the platforms that consumers want. And, I might add, we are doing this at no additional fee to subscribers.

Talking about evolution, our television business is virtually unrecognizable from where it was when we launched our first network in 1983.

However, our radio and television businesses both operate in regulated industries, which means we must all follow certain rules of engagement set by the CRTC. But while many Canadian broadcasters are working tirelessly to evolve to meet consumer demand and ensure a strong sector, in our view, the regulated environment in which we operate has not yet sufficiently evolved to address changes in the competitive landscape.

In the last few years, new players have emerged that offer television programming and movies online. These services are primarily foreign services that are unregulated and operate within the Canadian broadcasting sector without any rules or obligations, yet compete head to head with regulated players that do.

To provide some context, the Canadian television broadcasting industry has been built gradually over the years thanks to a finely established equilibrium of rights and obligations that have resulted in a highly entrepreneurial sector that is strong, culturally relevant and a key driver of economic growth. The Canadian broadcasting system currently employs more than 210,000 people, to whom it pays annually $16 billion in salaries, the majority of which are right here in Ontario. In the last decade, the economic activity generated by the Canadian broadcasting industry grew from $9 billion to $15.7 billion.

In addition to having an economic impact, the Canadian broadcasting industry also has an important cultural mandate. The Canadian broadcasting system was established to ensure that Canadians have access to the best programming from around the world, but also to ensure that Canadian culture, as it is represented in film and television, remains strong. To achieve this, broadcasters are committed to support production of Canadian film and television by contributing a key percentage of their revenues. Last year alone, Astral contributed $170 million to Canadian content.

So a strong broadcasting system benefits everyone. It benefits our domestic economy and it benefits our indigenous culture by ensuring that the broadcasters pay back into the system to ensure that Canadian stories are told and our Canadian culture remains strong. In fact, the Canadian television model has earned a very strong reputation internationally over the years and is today recognized around the world as an example of success.

So here is the challenge. Some foreign services operate in Canada yet do not employ Canadians, do not pay any Canadian taxes, and do not make any contribution to Canadian culture or Canadian content.

Now, let me pre-empt those who may take my comments as a challenge against foreign online broadcasters in Canada. I am NOT saying that these companies shouldn't do business in Canada. And I am NOT saying that consumers shouldn't have access to foreign online services. I think there is a place for these services and we are fully willing and able to compete with these foreign services providing that there is a level playing field.

I can't stress this point enough: Astral is not against competition. Competition has, in fact, already positively transformed our sector since we got involved nearly 30 years ago. Competition brings choice to consumers, offers diversity and promotes innovation, fair pricing and a superior product. But we are against unfair competition that has Canadian broadcasters contributing to a system while foreign players do not. The CRTC needs to level the playing field and create and enforce consistent rules of engagement to ensure that every company, regardless of country of origin and platform, has comparable obligations and opportunities. This will be best for all players competing, be best for our economy, be best for our culture, and ultimately be best for the consumer.

This past summer, the CRTC concluded a fact-finding exercise to gather information about the impact of foreign online service providers on the Canadian broadcasting system. Astral was one of many companies that submitted research and comment as part of the exercise. In a nutshell, Astral requested that the CRTC evolves its regulatory framework to allow for increased flexibility for Canadian media companies in order to address the inconsistencies present in the current framework and level the playing field.

Earlier this month the CRTC announced that, at this time, it will not consider a general review of the New Media Exemption Order and not review potential policy changes. However, the CRTC did commit to revisiting its decision in the spring of 2012 and we remain optimistic that action will be taken at that time to introduce some basic rules to bring greater equality to the competitive landscape.

Now again, let me be clear. I am not suggesting a reduction in regulation. I am suggesting an evolution of regulation. The Canadian broadcasting system is a fine balance and this balance is maintained by a regulatory framework that must be dynamic to respond to environmental and market forces like the one I just discussed. But while the structure needs to remain flexible, it must also remain fundamentally intact.

That's what Astral is advocating here: a degree of flexibility to the regulatory structure to keep the broadcasting system strong.

This concept has already been incorporated in other regulatory measures such as the all-important rule of domestic ownership and effective Canadian control in the telecommunications and broadcasting sectors, so it is not without precedent. This measure allows for some degree of foreign ownership of a Canadian company to ensure that operations are well-funded and opportunities for growth are leveraged. But it also sets a maximum level of ownership to ensure that a company remains Canadian and the operational benefits remain in Canada and do not flow out of our border to a significant degree—a perfect example of flexibility within a structure.

Astral applauds the Canadian government's position on foreign ownership as it pertains to broadcasting as it clearly recognizes the importance of an industry that encourages the production of Canadian content that reflects Canadian culture and values as well as the economic impact that this sector has on the economy overall.

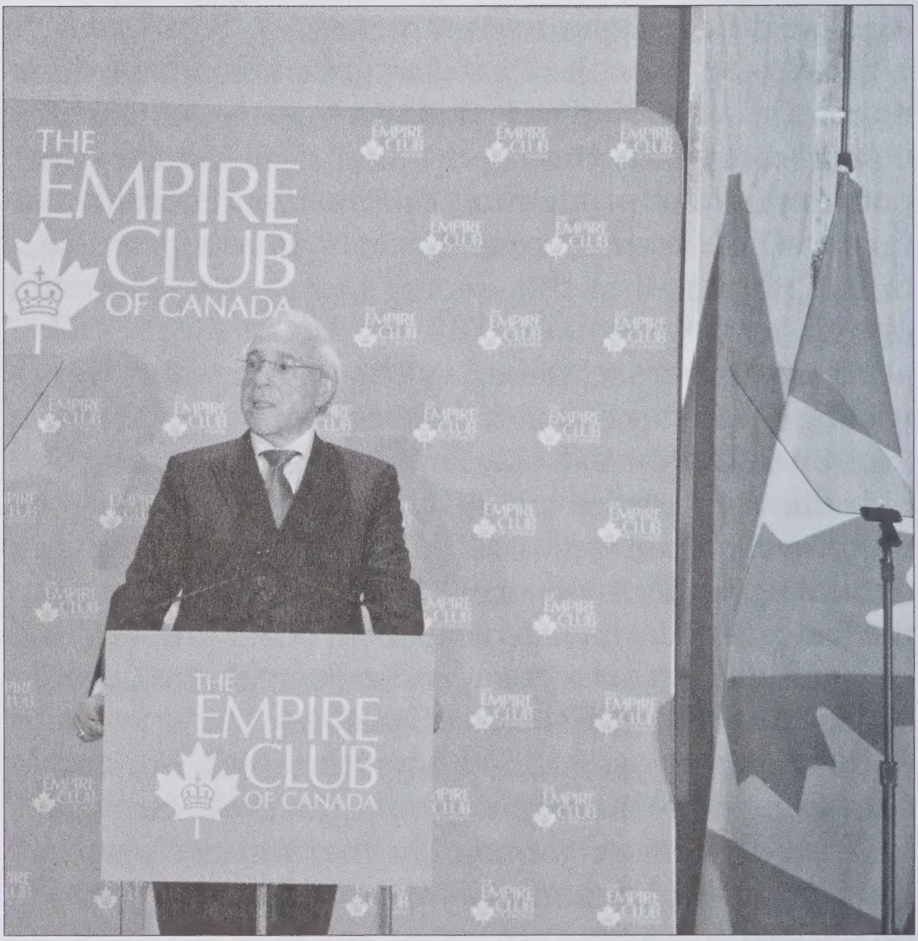
So as you can see, there is a lot going on within broadcasting these days, which is forcing not only Astral to evolve but also the industry in which we do business.

Ladies and gentlemen, many years ago I came to the conclusion that we work in the most exciting and dynamic industry in the world. This is in large part due to the fundamentally human component of our business and because we have a direct impact on the collective identity and values that we all share as Canadians.

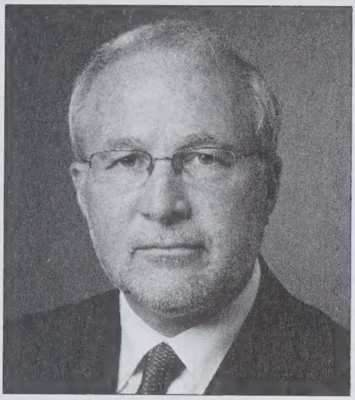
I have spent over 12,000 days of my life working at Astral—never losing sight of both the great luck that I have had and, more importantly, the immense responsibility that is incumbent upon us as holders of broadcasting licences.

It will therefore not come as a surprise to you that people often ask me about my contribution to the successes of our industry over the years. But most often, they enquire about my contribution and role in the successes of Astral, as the company's CEO. I have had to answer this question many times. So recently, on a day when I was working from my Montréal office, I decided to invite a TV crew to follow me for a few hours so that they could see for themselves.

The appreciation of the meeting was expressed by Cam di Prata, Executive Vice-President and Head of Corporate and Investment Banking, National Bank Financial, and Director, The Empire Club of Canada.


THE EMPIRE CLUB OF CANADA
THE EMPIRE CLUB OF CANADA

Ian Greenberg, President and CEO, Astral Media Inc., at the podium of the Empire Club of Canada.



November 4, 2011

Dr. Barry A. McLellan

President and CEO, Sunnybrook Health Sciences Centre

HEALTH-CARE INNOVATION: A CRITICAL ENGINE OF A KNOWLEDGE-BASED ECONOMY

Chairman: **Verity Craig**
President, The Empire Club of Canada

Head Table Guests

Anita Gupta, President and CEO, NMI Tax Consulting Group, and Director, The Empire Club of Canada; Senator Vim Kochhar; Stephen Tile, Vice-Chair, Sunnybrook Foundation's Board of Directors; Beverly Brooks, Managing Director, Kingsdale Communications, and Director, The Empire Club of Canada; Lauren Chee, Grade 11 Student, North Toronto Collegiate Institute; Rev. M. J. Perry, Vice-President and Owner of Mr. Discount Ltd., and Director, The Empire Club of Canada; Pankaj Puri, President, Internal Audit Services Inc.; and Gerrard Schmid, President and COO, Davis+Henderson.

Introduction by Verity Craig

While reading through the Web site for the Sunnybrook Centre, I was struck by the sheer size. The statistics are staggering.

- Sunnybrook has more than one million patients walk through its doors each year.

- 10,000 staff work in specialized areas such as its world-renowned cancer centre, the Veterans Hospital or the trauma and critical care unit.
- More than 600 scientists work on ground-breaking research, with a budget totalling more than $100 million each year.
- The Sunnybrook Health Centre has an annual budget of $750 million.

When I totalled up the numbers, I realized that Sunnybrook Centre was like running a city, but with the enormous responsibility and urgency to be leaders in their field, who save lives every day. I am certain that some days Dr. McLellan wonders what he has got himself into.

Dr. Barry McLellan is the President and Chief Executive Officer of Sunnybrook Health Sciences Centre in Toronto, Ontario.

The hospital provides regional programs and services including specialities in cancer, cardiovascular disease, neurological disorders, high-risk obstetrics and gynaecology, orthopaedic and arthritic conditions, trauma and critical care, and community care. In addition, Sunnybrook is Canada's largest facility caring for the country's war veterans.

Prior to his position as President and CEO at Sunnybrook, he was the Chief Coroner for Ontario.

In 1981, Dr. McLellan graduated from the University of Toronto with a medical doctorate and trained in emergency medicine. Dr. McLellan was the Director of the Trauma Program and Vice-President of Specialty Services at Sunnybrook. He was also the Director of the hospital's Emergency Department, Base Hospital Program and Trauma Research.

Dr. McLellan is a Professor in the Department of Surgery at the University of Toronto. He has published more than 60 scientific papers, written a textbook on trauma care and lectured extensively, making international presentations in the fields of trauma care and forensic investigation.

Barry McLellan

Good afternoon and thank you for inviting me here today to offer some thoughts about health-care innovation and its critical role in building a knowledge-based economy.

Innovation in all fields is about looking at current practice and saying there has to be a better way of doing things. In health care, innovation is about saving and improving lives.

In our field, you know you have progressed when you can look back and hear people say, "I can't believe they used to do that."

This is a photo of a young patient in an iron lung. One of the first uses of this technology was in 1928 at the Children's Hospital in Boston. A young girl, who was near death due to respiratory failure as a result of complications from polio, was placed in a machine just like this one and within minutes her breathing had returned to a normal rate. This case popularized the device and led to large-scale production. Essentially, a few quick breaths from a little girl helped to commercialize a product that helped thousands of other patients.

Today, however, thanks in large part to advances in the development of vaccines against diseases like polio and new respiratory technology, we can look back upon this type of machine and view it as arcane. The thought of locking a child into a device such as this seems cruel but, at the time, it meant the difference between life and death.

In the last few years, with the flood of new technology and ease of sharing information, we have been challenging the status quo more and more which has allowed us to develop breakthroughs that have made patient care safer, reduced hospital stays and has allowed people to get on with their lives faster than ever before.

Hospitals and their research teams have not been able to do this on their own. In fact we rely on government, corporate and individual donor support to partner with us to create the next improvements in care.

With our wealth of health-care expertise and concentration of business and industry, Ontario is positioned uniquely to become not only a North American leader in biotechnology, but also a strong player globally.

Ontario is a hub of health-care research and driving this engine are our research-intensive hospitals that:

- conduct more than 80 per cent of publicly funded research in the province;
- represent the fourth-largest biomedical centre in North America;
- employ 10,000 researchers;
- conduct almost $1 billion of research each year; and
- can offer investors annual returns on investments as high as 39 per cent in some cases.

In a recent Research Infosource survey of the top research hospitals in Canada, based on research income, three Toronto hospitals placed in the top five in Canada.

How are we doing all of this?

We have created a culture of discovery and inquiry in our academic health sciences centres. In my own institution for example, we have set a lofty vision to "invent the future of health care."

We tell people when they are hired at Sunnybrook, regardless of their role, they will play an integral part in achieving our vision. This has helped to create an organization where people feel included in discovery and innovation.

They are motivated to do things differently than what they have done in the past. They say to themselves that there has to be a better way to do this and we reward them for finding new and innovative ways of doing things.

As an organization, we are fortunate. We have 10,000 highly motivated staff members who care for more than 1.2 million patients each year and we have 1,200 in-patient beds, so there is never a shortage of opportunities to capitalize on good ideas.

Our Research Institute has been successful in attracting more than $100 million in extramural funding each year and is continuing to grow. But we see the path to expansion of our innovation agenda as being made possible only though collaborative efforts with our sister organizations, industry and our community, and our partnership with the University of Toronto.

Growth in health-care innovation and the contribution to a knowledge economy is very much about relationships and building partnerships with people and organizations who share your vision and who share your passion for achieving it.

We want to partner with organizations that value innovation and that understand our desire to improve patient care. We want people to join us as we pursue our vision of inventing the future of health care. The reality is that we cannot do it on our own. We would be doomed if we felt we could run a closed organization that doesn't see itself as a partner that is open for business.

Our success is found in our ability to work with others and to share knowledge. If we view knowledge as a commodity in a new economy, then its value increases as we share it with others who can contribute to achieving the goal of creating an innovation that will improve the lives of those who need it most—our current and future patients, and their families.

I would like to share with you a few examples of how we have been helping to build the new knowledge economy and how our teams work with others to share their discoveries and expertise and build something that benefits society.

There are more than 300 million people worldwide who suffer from diabetes and sadly, many hundreds of thousands will develop complications such as the skin ulcers shown on this slide. On the top is a microscopic image of a poorly healing diabetic ulcer. The microscopic image on the bottom is from a healthy healing ulcer with the purple staining cells representing granulation tissue—the result of increased blood vessels and increased blood flow from treatment with a molecule called "vasculotide."

Researchers Dan Dumont and Paul Van Slyke, shown in this photo that appeared in the Globe and Mail earlier this year, discovered this molecule that aids in the wound-healing process. The challenge with diabetic ulcers is that there is restricted blood flow to the damaged area, which prevents effective healing.

In many cases, the wounds tend to reopen which leads to infections and in some cases amputations and even death. The use of the molecule improves blood flow to the wound area and helps create a deeper and more effective healing of the area, preventing the likelihood that the wound may reopen.

So, we have this fascinating discovery that is also inexpensive to produce and we have the data to demonstrate its potential, but where can scientists, who may not have the business acumen needed to secure investments to further their work, go for help to bring this important discovery to market?

Thankfully, we have a strong partnership with a group called MaRS Innovation that is dedicated to commercializing these types of ventures.

The only way we can get our discoveries to our patients is through the rigours of the commercialization process. Beyond the scope of activity at our individual organizations, 17 research hospitals and universities in Ontario have partnered in creating MaRS Innovation where scientists and inventors are brought together with investors who are looking for high-potential opportunities, especially in the biosciences and technology.

In the case of the "wound-healing" molecule, our colleagues at MaRS Innovation were able to attract the interest of Sanofi and broker a multi-year deal that will help bring this discovery through further testing and ultimately into the bodies of those who need it most.

In this case everybody wins. The scientists get rewarded for their discovery. The institution that supported them gets rewarded for creating an environment to incubate the idea. The investor takes a risk to bring the product to market but will be rewarded when it is commercially successful, and most importantly, 300 million diabetics around the world stand to benefit from this discovery.

Partnership with the private sector towards creating a safe and efficient new product is critical to moving our health system forward and inventing its future.

Here is another example. Focused ultrasound surgery is disruptive technology both metaphorically and literally. We think this could change the practice of certain types of surgery forever.

Through a partnership with a company called Insightec, Sunnybrook has been working to bring this technology to clinical trials, which have now been approved to move forward. Our early plans for applying this technology will be in the treatment of uterine fibroids, brain cancer, and other diseases that are difficult to treat with conventional methods.

This process takes ultra sound waves and focuses them with a level of intensity that enables them to destroy tumours. In the case of uterine fibroids, the procedure takes a couple of hours, requires no anesthesia, and the skin is never broken. The patient may take a Tylenol afterwards to manage any discomfort.

Similarly, this procedure will be applied in the very near future to patients who have brain tumours. The challenge with some brain tumours is that they are located in areas of the brain that are impossible to reach with traditional surgery. With the new device pictured here, we will be able to destroy tumours by the use of sound waves, making the once inoperable, operable.

In addition to surgery, diseases of the brain are a challenge to treat medically due in large part to a protective "blood-brain barrier"—a barrier between circulating blood and the brain extracellular fluid—something that does not exist in other parts of the body. With this innovation, we are able to use sound waves to disrupt the blood-brain barrier and deliver medications to areas of the brain that were once extremely difficult to reach.

Imagine, for Alzheimer's patients, we would be able to deliver medication to regions of the brain that are being overwhelmed with plaque build ups. In preclinical testing the results have been startling. We are achieving outcomes in just four or five days that once took months to see.

It is probably safe to say that the economic benefits gained through this technology are potentially astounding. We will be able to treat patients who were otherwise thought to be incurable and we can all but eliminate some of the more common adverse events associated with surgery such as infections.

As mentioned earlier, our children may ask us one day to tell them what traditional surgery was like. With this technology, they may say to us, "I can't believe we used to do it any other way."

This looks like an average row of computers but to a company called Sonosite, it was a $71-million innovation. When this deal was closed, it was one of the largest in the history of medical imaging.

Originally developed at Sunnybrook Research Institute, this innovation represents another unique use for ultrasound. Pictured here are early versions of high frequency ultrasound systems that are capable of seeing microscopically, deeper and more accurately into the body than ever before.

This technology is key in such clinical applications as inserting IV lines into critically ill, premature babies, determining the quality of skin grafts on burn patients, assessing blood flow in heart patients and better detection of cancers.

Earlier versions of this technology could view six frames per second and the device weighed about 350 pounds.

With the addition of investment from the government, venture capital and corporate interest, not to mention quite a bit of hard work on the part of the development teams, that employed more than 100 people in Ontario alone, the Vevo imaging system can now show 500 frames per second and it weighs less than 15 pounds, making it perfect for bedside applications.

This technology is an enormous success and it is anticipated that revenues for this breakthrough could approach $1 billion.

As a start-up company, they credit their success to four key factors:

- Basic science innovation that was incubated at Sunnybrook's Research Institute;
- Canadian venture capital investment;
- Funding from government and tax-incentive programs; and
- The availability of highly qualified engineers and application specialists from universities right here in Ontario.

Essentially, the formula for success in this case was one we need to continue to develop and nurture. Find people with great ideas. Give them a place to let them experiment. Attract people who will invest in their ideas and ensure there is public support from government to seed and incent business to support these types of ventures.

Here is what happens when you give a cancer surgeon, his resident, and a couple of engineering students a Microsoft Xbox game console, an iMac, access to Linux, and some duct tape. It sounds a little like MacGyver but in this case, the bad guys they were fighting were bugs that can cause serious infections.

As one of our general surgery residents was jogging with his engineering friend one day, they began discussing their work and life in the operating room. One of the challenges in the OR is maintaining the sterile field while having to view CT and MR scans of the patient.

This is particularly important when removing a tumour. You want to make sure you resect the diseased tissue and leave as much of the healthy tissue as intact as possible. Achieving this requires consulting with medical images displayed on a computer screen. The unfortunate part about this is that you may have to actually leave the sterile field to manipulate the image on the screen by using a mouse or some other method.

Fortunately, our students were well versed in the use of new gaming software that enables players to motion in front of the screen to interact with the game. By moving your hands and waving your arms in a certain manner you can blast aliens, play tennis or do a whole host of other things—likely known better to your children than many of you.

Our young gamers had a better idea. What if you could use the same technology to move medical images in the OR without ever having to leave the patient's side or the sterile field?

Take the same movements that you use to play a game and apply them to the electronic scans of our patients that appear on a computer screen in an OR. They tried it and it worked famously.

In fact, Microsoft has spoken about this internationally as an example of one of the most innovative uses of their technology that they have ever seen.

Let me show you, in a 30-second video clip, how this actually works in real life.

Our formula for innovation holds true here. We have found people with a great idea. We gave them the room to develop it and we have attracted interest from a rather large company called Microsoft, that is exploring this in further development.

What we've talked about so far has included innovations happening with people inside our organization, but I would like to leave you with an example of a new technology from an Oakville company that was developed in partnership with our organization.

The role of an academic health sciences centre should go beyond sharing and translating knowledge. We should also be a resource for people who have a concept, but need an institution to help them bring it to market. In this case, we played an incubator role for a small organization with a big idea.

If you're not close to a pharmacy, how can you get your prescription filled? This company proposed to answer that question with the help of a prescription vending machine. Now, this is much more sophisticated than where you may turn to buy a snack but it operates on a similar principle. The company, called PharmaTrust, partnered with Sunnybrook and our pharmacists to help pilot a new technology that would dispense medication to people by way of teleconferencing and a kiosk.

Patients and family members at our Holland Orthopaedic and Arthritic Institute have been able to get their prescriptions filled by placing their script in the machine and connecting with a pharmacist via videoconferencing. This is wonderfully convenient for patients leaving the hospital. We will also be trialing the new version of this called TouchPoint in our Emergency Department beginning in the next couple of weeks.

In this case, we have been able to help the company research the technology and act as a kind of living laboratory to safely trial the device. The company receives advice from our clinicians and patients and we are able to offer people a unique and convenient experience.

Since its original launch, PharmaTrust has attracted significant interest across Canada and internationally in the United Kingdom to implement this technology. We are proud to say that we have helped this company develop a service that has the potential to benefit many thousands of people each year.

In closing, while showing images of two health-care innovations separated in time by 83 years, I want to reiterate a couple of my earlier points.

We have the ingredients in Ontario to build a sustainable economy that has, as one of its key drivers, innovation and discovery—but this doesn't come without effort and commitment.

As leaders in industry, government, and health-care delivery, we have to challenge ourselves to ask the question—what is next? How can we improve what we are doing? We have to say, there has to be a better way but saying it is not enough.

We have to continue to incent people and organizations to support and encourage innovation. Tax breaks, venture capital, and creating an environment where people can experiment, and fail and succeed, is critical to moving forward.

We have to own a sense of discomfort for the present, and have a vision for the future that inspires others to do something they haven't done before. We have to say that we can do better than this and we have to work collaboratively to achieve the things we never thought possible.

I want to thank you all for coming today and I—like you—look forward to seeing what comes next.

Thank you.

The appreciation of the meeting was expressed by Anita Gupta, President and CEO, NMI Tax Consulting Group, and Director, The Empire Club of Canada.

November 10, 2011

Lyse Doucet

Journalist, BBC World News

PEOPLE POWER OR MILITARY MANOEUVRES? HAS THE ARAB SPRING TURNED INTO A WINTER OF DISCONTENT?

Chairman: **Robin Sears**
First Vice-President,
The Empire Club of Canada

Head Table Guests

John Walker, President, Transition Plus, and Director, The Empire Club of Canada; Jona Malile, Grade 10 Student, Forest Hill Collegiate Institute; Reverend M. J. Perry, Vice-President and Owner Mr. Discount, and Director, The Empire Club of Canada; Doug Morris, President, Morris and Glass Windows, and Director, The Empire Club of Canada; Andrea Doucet, Brock University and Canada Research Chair in Gender, Work and Care; Bob DeStefanis, Vice-President, Distribution and Business Development of the Americas, BBC World News; and Michael Woronuk, Marketing Manager for the Americas, BBC World News.

Introduction by Robin Sears

Lyse Doucet is a Senior Presenter and Correspondent for BBC World News TV and BBC World Service radio who is often deployed to anchor special news coverage from the field and interview world leaders.

She is a regular presenter of the World Service's award-winning program "Newshour." Lyse also reports across the BBC including for BBC Newsnight.

She played a key role in the BBC's coverage of the "Arab Spring" across the Middle East and North Africa and was recently given rare access to visit Syria. She is a regular visitor to Afghanistan and Pakistan from where she has been reporting for the past two decades. Her one hour film, "Afghanistan the Unknown Country," was broadcast on BBC2 this year.

Her work has also focused on major natural disasters including the Indian Ocean tsunami, and more recently the Pakistan floods.

Before joining the BBC's team of presenters in 1999, Lyse spent 15 years as a BBC foreign correspondent with postings in Jerusalem, Amman, Kabul, Islamabad, Tehran, and Abidjan.

She was nominated for two Emmy awards in the United States this year. Her most recent awards in 2010 include a Peabody and David Bloom Award for her television films from Afghanistan, and Radio News journalist of the Year at the Sony Radio Academy Awards in the U.K.

Born in eastern Canada, Lyse has four honorary doctorates from leading Canadian universities. She has a Master's degree in International Relations from the University of Toronto and a BA (Hons.) from Queen's University in Kingston.

She is a Council Member of the International Council on Human Rights Policy, an honorary patron of Canadian Crossroads International, and a member of Friends of Aschiana UK, which supports working street children in Afghanistan.

Ladies and gentlemen, please join me in welcoming the esteemed Lyse Doucet.

Lyse Doucet

Thank you very, very much for what was an extremely generous introduction. I have to say it's such a treat to be here in Toronto. I still consider Toronto to be one of my many homes. If you're going to be in Toronto, where else would you want to be at lunch but in this glorious ballroom at this famous King Eddie Hotel? Of course, when I was a student here we never got to make it to the King Eddie Hotel.

I work for the BBC so it's incumbent on me to be honest with you. I have to say that I was so thrilled when I was told I would be able to appear at the Empire Club. I thought, ooh, Empire Club, maybe a few bowler hats, posh British accents. Then I arrive in the wonderful reception area of the King Eddie Hotel and what happens? I'm immediately pursued by some of my students from Queen's University days. I'm still being pursued for old, unsettled scores. One of my professors shows up, still thinking I must owe him some papers. Then there's my friends from Canadian Crossroads International who stop me from saying that it was 30 years ago that we all met in Toronto and then went off to various parts of the world. I'm thinking, well, actually, I can't get away with anything here at this podium. To make matters even worse, the Empire Club and the BBC invited students, graduate students from the Middle East, including those countries I'm going to talk about. If I get anything wrong, they're going to say, "Excuse me, Ms. Doucet, did you actually mean to say that?"

Anyway, all of that, of course, has increased the pressure on me. Let's go back to why we're here and I think the only thing I can conclude from the kind of people you have gathered here today is that the Empire Club is a great gathering place. It's a great gathering place for people from all walks of life and for me, it represents people from all parts of my time here in Canada. Of course it is a special privilege that my sister, Andrea, is here as well. Andrea and I both arrived in Toronto many decades ago, two girls from New Brunswick who had never seen skyscrapers, so it was really an exciting time to come to the big city of Toronto.

I have to say that it's a special honour for me, a Doucet with Acadian ancestry, to come to an Empire Club because I, like most Canadians, know all too well the great history of our country that was forged in the competition and the conquest and the advance of empires. Of course, for us, the Acadians, the British and the French fought over our people and our lands for many years until finally the British won over the French and the Catholics. The Acadians were forced to leave for a while and the rest is history.

I suppose it's a mark of the great history of our post-empire Canada that I, an Acadian now working for the British Broadcasting Corporation in London, England, can come to the Empire Club in Toronto, such a distinguished club which the members will know was founded in 1903 to maintain links with the British Empire. Even though there's not a bowler hat in sight here, there are still those fading echoes of empire. Every few years or so, I have to appear on one of the BBC's call-in programs to answer questions from the listeners, questions about my accent, and they usually go something like this.

"Where is Lyse Doucet from? Is she Irish? She's not American, is she?" Then occasionally, there's that hang-over from empire when someone writes in and says, "Good lord, can't you find people with proper British accents to do those jobs?" I dutifully, every few years, appear on the BBC and explain that actually I'm a Canadian, Canadian by origin, Canadian by identity and passport. I have Acadian ancestry, Scottish, Irish, Mi'kmaq, vrai Canadienne. Every time I do this, I find myself getting just a little bit bolder. The last time I did it—of course, if you wink on radio, nobody can hear you winking—I winked. Actually I always regard my BBC career as a bit of Acadian justice. You see we didn't get our lands back but I got a job, and, as you well know, in the Maritimes we love job creation.

After that intervention, the BBC got letters from Acadians from around the world. Vive l'Acadie, long live Acadie. Acadie en avant. Bravo, Lyse. And someone even wrote in and said, "Lyse, you're the Celine Dion of

Acadie," and the BBC—sacre bleu.

Today I come from the BBC and I come to your distinguished club set up in the cold, dark winter of 1903 for men and women of consequence to shine some light on the news of the day. In this hallowed tradition, allow me then to talk today about some news of the day—the kind of news, the kind of history that defines a country, redefines it, changes a region and its sense of self and even changes the world, including Canada.

They call it the "Arab Spring." Arab Spring. Who ever came up with this phrase? It is so delicious, so irresistible. Who wouldn't want to know about it? "Arab," because it is in a region where politics has not changed for decades, where democracy became fossilized. I was in Jordan and in Iraq in the run-up before the invasion of Iraq in 2003. I kept urging what we would call "moderate voices," both leaders and intellectuals to come and be interviewed so that the political space wasn't just taken up by hard-line voices. Then finally a friend of mine who headed Jordan's most prominent think tank said to me, "Lyse, what can we say? We have nothing to say. As Arabs we feel humiliated. We are not writing our own history. History is being written for us by outsiders." Then came the Arab Spring.

If anyone knows about spring, it's Canadians. The time when the snows melt, when the flowers grow, a time of new beginnings. What a time it is of hope and promise. When this year began in January, I went to North Africa, to Tunisia, where the Arab Spring was born. I went to that small poor town called Sidi Bouzid where Mohamed Bouazizi literally lit the match that ignited a revolution. Fed up with mistreatment by the authorities, he burned himself alive. His mother, Menobia, clad in black, consumed by grief, said, as any mother would, "Mohamed was a good boy." All he wanted to do was make enough money to get a good enough job to support his family. It was through selling fruit and vegetables from his little cart that he supported his widowed mother and his seven siblings.

How could Mohamed with a small-town perspective, just 26-years-old, understand that day what he would inspire? Who could have expected, who could have thought what would happen next? It's the stuff of history. The protests spread from Sidi Bouzid to Tunis. The government fell. President Ben Ali, the president for life, fled. I'll never forget in January walking down the elegant, tree-lined Habib Bourguiba Avenue in Tunis, where there were dozens of "Hyde Park Speakers' Corners" springing up everywhere with Tunisians arguing politely, discussing, debating, asking questions, a kind of freedom we consider so basic, the kind of freedom denied to Tunisians. In fact, it was almost impossible to walk down Habib Bourguiba Avenue because everyone wanted to stop us to ask us questions. What a sweet feeling it was.

Then from Tunis to Egypt, to Cairo, the capital of capitals in the Middle East, where Egyptians said, "Congratulations, Tunis." But being Egyptians they also said, "If the Tunisians can do that, what about us, the great Egyptians?" It took just 18 days of unprecedented protest to bring down President Mubarak. I still go to Cairo and say, "How did they do it?" Was a new politics of the street being born? Tunisia, Egypt. What was the rallying cry? The cry on the streets was that we have lost our fear. We saw the Tunisians marching down the boulevards, marching to stare riot police in the face. We saw the Egyptians running towards the tanks. One day, the first day of the protests, we were on the nineteenth floor of the BBC's offices in Cairo, and even there on high we could smell and taste and have our eyes streaming from the tear gas below. What did we see below? Protesters at one end of the street running down into the tear gas, picking up the canisters with bare hands and throwing them back at the troops and the tanks. They had lost their fear.

In March, I went to Benghazi in eastern Libya, liberated Benghazi they called it. They renamed their square "Tahrir Square" just like Egypt, Liberation Square. In the middle of the square, a courthouse was transformed into a wall of protest, a wall of pain, of photographs. For the first time, Libyans were able to speak and to grieve in public about loved ones they had lost. One thousand two hundred Libyans died one day alone in a mass killing at Abu Salim, Tripoli's most notorious prison. You'd look at this wall. Every one of the photographs meant something to someone. The photographs all together meant something to a city, to a people and to families being allowed to grieve. How do we as Canadians even begin to stand in their shoes? I found a way.

One day I went to the square looking, as I did on most days, at the photographs, looking at the people looking at the photographs. We saw a group of women at the side and they were holding the pictures of their loved ones in frames. We moved closer and we looked at the photographs and then I stopped. In one frame was a smiling face in a familiar light wood background, a gown, a red gown edged in blue and gold, a graduation gown from Queen's University. A Libyan man returned from our country armed with a chemical engineering degree, armed with hope. He went back to die in a prison, accused of the kind of politics that we call "democracy." The photograph was held up by his wife, pretty with her blue headscarf. She also went to Queen's. She studied literature. Her son stood with her, old enough now to go to university, too young to have ever known his father. At that moment, I felt two worlds collapse. Our world in Canada of such peace and promise, the world in Libya, so far away. But is it? Is it far away?

For this wife and for the other Libyans, those moments of freedom then turned into months of violence and war, a civil war. The world responded with UN Resolution 1973, which authorized the use of all means to protect civilians.

Canada, as many of you will know, played a key role in enforcing that resolution that didn't just protect civilians. It also brought down the government of Colonel Kaddafi.

It's ten years this month since this concept of responsibility to protect was forged. Most of you will know that Canada also played a decisive role in bringing that concept to fruition, ensuring that the world took note of it. I was so pleased. I was in Ottawa last week. There was a seminar there with Kofi Annan and Lloyd Axworthy and Chris Alexander whose parents are here today to discuss this. I'm told there have been seminars across the country—some of you may have gone to them—for Canadians to discuss responsibility to protect and to discuss the future.

What about the future? What about places like Syria? What about a place where there's a long drawn-out confrontation? Every day, five, 10, 20, 30, on bad days 40, people die. Is there a responsibility to protect?

In September, I was given the first visa that the authorities gave to the BBC to go to Damascus. I found the heart of its charming capital, Damascus, as charming as ever. There's no Tahrir Square in the middle of Damascus. The intelligence services have made sure of that. There are also supporters of President Assad as well. He has some support among the minorities, including the Christians who worry about the future.

Now Syria has never been a place where people want to discuss politics. On my last visit, I found that most people didn't want to talk at all. They looked terrified when you even approached them to ask questions, except for those, of course, who wanted to express loud and impassioned support for the president.

One day we were given permission, because we needed to have permission everywhere we went, to go outside this bubble in Damascus to the suburbs, to Barzeh with our government minder. It was Friday, Friday prayers. As we arrived just as the prayers were ending, the worshipers came out and they immediately surrounded us—me with a producer and a cameraperson because foreign journalists are so rare in Syria. They circled around us. They circled around us and so did the intelligence people in the kind of clothes that we came to recognize. The troops were on every corner. Unlike other cities where I've been this year, nobody wanted to talk, until finally one man put a bit of paper into my producer's hand. This is it, written in English, written in haste, and what does it say? Thank you but no one can meet with you because the army is in the street. The people are afraid.

Then another man came up beside me and I was standing like this and he stood next to me. I didn't look at him and he didn't look at me. He said, "Look down the street." And I said, "What is there?" He said, "Look at the car with the soldiers." And I said, "What are they doing?" He said, "They're trying to frighten us." Then I looked at this face and I said, "Are you frightened?" He said, "Yes," and he went away. He was the bravest of the worshipers that day because most of the people we saw that day were too afraid even to say they were afraid.

Syrians have been taking to the streets in large numbers and very boldly, without fear, in cities like Hama and Homs. Any of you who follow the news will know those cities by name.

As the government crackdown continues, even supporters of President Assad are growing critical, are asking questions. Somebody in his inner circle said to me, "If a peaceful uprising or revolution was on offer in Syria, more than 80 per cent of Syrians would take it." But it's not on offer. Unlike in Egypt and in Tunisia early this year, the army is firing on the people. Now President Assad's people say these are armed gangs that they're firing on. They believe it. Some of their supporters believe it.

I went to see a Jesuit priest in Damascus and said to him, "Are the Christians afraid?" and he replied perhaps with the intellectual rigor of a Jesuit, “Twenty-three million Syrians are afraid. Everyone is afraid, fearful of the future.”

What about the real Tahrir Square in Egypt? Was it really a revolution? If any of us would go and check a dictionary, what would it say? The dictionary would tell us a revolution is a forcible overthrow of a government or a social order in favour of a new system. Now many Egyptians are saying, they’re complaining, they’re still protesting that in fact the old system is still in place. The only difference they say between the old one and the new is that President Mubarak at least knew something about politics. Now you have a military regime, soldiers, who have no experience in politics. I met one despondent revolutionary who said, “We’ve started to ask here. Did our revolution turn into a coup d’etat or was it a coup d’etat before it could become a revolution? Do we have to ask the question whether 30 years of dictatorship will take 30 years to undo. That is a generation.”

I want to just leave you with one or two parting thoughts. The uprisings this year, the Arab Spring so called, started in Tunisia. Tunisians were the first to vote. People voted there in orderly and peaceful elections. They voted in large numbers. Great for democracy, but that’s Tunisia, small, integrated, relatively well developed. In the months to come, we’ll see them using this new political space and the jostling for position and power between the secular groups and the liberals and the Islamists. We will all watch from afar and some people may want to jump to conclusions but Tunisians, Egyptians, Libyans, all of these different groups are now being given the space to chart their own future. What emerges in Tunisia will be Tunisian. Egyptians will go to the polls at the end of this month. Libyans, we hope, next year. Of course, processes are still unfolding in many other places.

In Canada, we know that seasons end. No one wants to really talk about the Arab Spring any more. Is it an autumn of discontent? Is it a winter of unrest? There are a lot of places I could have talked about today. The monarchies like Jordan and Morocco where kings have buffers. They can sack the governments. There are other places, like Yemen and Bahrain, which, like Syria, ask for visas as they want to try to keep the journalists out.

Now activists from Tahrir Square have left Egypt. Some of them have gone to New York. They're advising the activists in Occupy Wall Street. Maybe some of them have even made their way to Canada as the occupy movement makes its way across North America and Europe. I can't comment on those kinds of movements because I haven't seen them up close. What I can say is that this year I have seen young and old, men and women in the Arab world determined to write their own history, determined to make a difference, fighting the battles of their time.

Tomorrow, November 11, we will all remember the Canadians who fought real battles in the last century and they're still fighting in places around the world. These are the young and the not so young who still cross the ocean to try to make a difference. I grew up with a grandmother who talked about her two brothers who went to war. They came back but many didn't. That, as you all know, helped to shape the country we have. We fight for what we believe in.

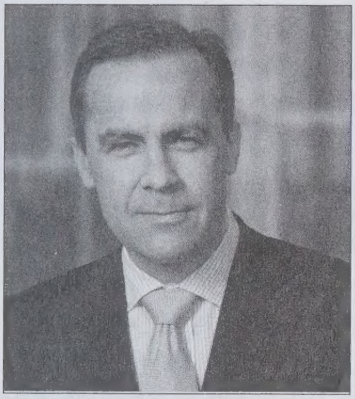
Look at Canada today. What a changed country it is? Far richer a mosaic than what it was when I arrived here more than two decades ago to study at the University of Toronto. Studying at U of T opened a whole new world for me. Then I joined Canadian Crossroads International to start to see the world. I'm hoping that those of you who came today didn't just come because you're old friends of mine but because you're also involved in the wider world and you care about it. In your desire to understand the world, keep in touch with it, connect the dots. Some of you may even watch or listen to the BBC or watch our Web site. We hope, I hope, you're going to continue to do that. We're now in four and a half million homes across Canada. In January, we'll even be on high definition. You can even get a closer look at some of the presenters and correspondents.

I work for the BBC so I have to be honest. There are no Celine Dions working for the BBC. There is a Canadian broadcaster with a French name and a strange accent, who remains Canadian and wants to thank you very much for coming today.

Thank you.

The appreciation of the meeting was expressed by Doug Morris, President, Morris and Glass Windows, and Director, The Empire Club of Canada.

Robin Sears, Senior Partner, Navigator, and First Vice-President The Empire Club of Canada, and Lyse Doucet, as Lyse signs The Empire Club of Canada guest book..



December 12, 2011

A joint meeting of The Empire Club of Canada and The Canadian Club of Toronto

Mark Carney

Governor, Bank of Canada, and Chairman, Financial Stability Board

GROWTH IN THE AGE OF DELEVERAGING

Chairman: **Verity Craig**
President, The Empire Club of Canada

Head Table Guests

Don Newman, Chairman, Canada 2020, Senior Strategic Advisor, Bluesky Group, and Director, The Canadian Club of Toronto; Terry Campbell, President, Canadian Bankers Association; Jim Leech, President and CEO, Ontario Teachers' Pension Plan; Jaime Watt, Executive Chairman and Senior Partner, Navigator Ltd., and President, The Canadian Club of Toronto; Colleen Johnston, CFO, TD Bank Financial Group; Noble Chummar, Partner, Cassels Brock and Blackwell LLP, and Director, The Empire Club of Canada; Christian Petit-Frere, Grade 12 Student, Greenwood Secondary School; Bishop Mark McDonald, National Indigenous Anglican Bishop; Hena Prasanna, Manager, Cisco Systems, and 2010 Diverse City Fellow; Philip C. Deck, CEO, Extuple Inc.; Barry Campbell, President, Campbell Strategies; and Mark Whitmore, Managing Partner, Toronto, Deloitte.

Introduction by Verity Craig

Ladies and gentlemen, board of directors, members and guests, it is my distinct pleasure to introduce you to our very special guest speaker.

Since assuming the leadership of the Bank of Canada on February 1, 2008, Mark Carney has made it a habit of speaking at both the Empire Club and the Canadian Club. On behalf of all of our members and the board of directors, I would like to thank you for continuing to recognize these two sister clubs as a venue for opinion makers, informed conversation, and stimulating debate.

In addition to his duties as Governor of the Bank of Canada, Mr. Carney also now serves as Chairman of the Financial Stability Board and as a member of the Board of Directors of the Bank for International Settlements. Indeed, Mr. Carney has risen to become among the most respected voices anywhere on financial regulation and monetary policy, and the Canadian closest to the centre of efforts to solve the European debt crisis.

Born and raised in Fort Smith, Northwest Territories, he has come far from his roots. Mr. Carney is the son of a high school teacher and has taken education to heart, earning a doctorate in economics from Oxford University. This education, plus 13 years with Goldman Sachs and then Canada's Finance Department, has served him well—and to all our benefit. Today, Mr. Carney has been credited with protecting Canada from the worst effects of the recent international financial crisis and he has earned recognition from the Financial Times and Time magazine as a top figure in the financial world.

If monetary policy was music, Mark Carney would be a rock star.

Ladies and gentlemen, please join me in welcoming Mr. Mark Carney.

Mark Carney

Introduction

These are trying times.

In our largest trading partner, households are undergoing a long process of balance-sheet repair. Partly as a consequence, American demand for Canadian exports is $30-billion lower than normal.

In Europe, a renewed crisis is underway. An increasing number of countries are being forced to pay unsustainable rates on their borrowings. With a vicious deleveraging process taking hold in its banking sector, the euro area is sinking into recession. Given ties of trade, finance and confidence, the rest of the world is beginning to feel the effects.

Most fundamentally, current events mark a rupture. Advanced economies have steadily increased leverage for decades. That era is now decisively over. The direction may be clear, but the magnitude and abruptness of the process are not. It could be long and orderly or it could be sharp and chaotic. How we manage it will do much to determine our relative prosperity.

This is my subject today: how Canada can grow in this environment of global deleveraging.

How We Got Here: The Debt Super Cycle

First, it is important to get a sense of the scale of the challenge.

Accumulating the mountain of debt now weighing on advanced economies has been the work of a generation. Across G-7 countries, total non-financial debt has doubled since 1980 to 300 per cent of GDP. Global public debt to global GDP is almost at 80 per cent, equivalent to levels that have historically been associated with widespread sovereign defaults.

The debt super cycle has manifested itself in different ways in different countries. In Japan and Italy, for example, increases in government borrowing have led the way. In the United States and United Kingdom, increases in household debt have been more significant, at least until recently. For the most part, increases in nonfinancial corporate debt have been modest to negative over the past 30 years.

In general, the more that households and governments drive leverage, the less the productive capacity of the economy expands, and, the less sustainable the overall debt burden ultimately is.

Another general lesson is that excessive private debts usually end up in the public sector one way or another. Private defaults often mean public rescues of banking sectors; recessions fed by deleveraging usually prompt expansionary fiscal policies. This means that the public debt of most advanced economies can be expected to rise above the 90-per-cent threshold historically associated with slower economic growth.

The Cases of Europe and the United States are Instructive

Today, American aggregate non-financial debt is at levels similar to those last seen in the midst of the Great Depression. At 250 per cent of GDP, that debt burden is equivalent to almost US$120,000 for every American.

Several factors drove a massive increase in American household leverage. Demographics have played a role, with the shape of the debt cycle tracking the progression of baby boomers through the work force.

The stagnation of middle-class real wages (itself the product of technology and globalization) meant households had to borrow if they wanted to maintain consumption growth.

Financial innovation made it easier to do so. And the ready supply of foreign capital from the global savings glut made it cheaper.

Most importantly, complacency among individuals and institutions, fed by a long period of macroeconomic stability and rising asset prices, made this remorseless borrowing seem sensible.

From an aggregate perspective, the euro area's debt metrics do not look as daunting. Its aggregate public debt burden is lower than that of the United States and Japan. The euro area's current account with the rest of the world is roughly balanced, as it has been for some time. But these aggregate measures mask large internal imbalances. As so often with debt, distribution matters.

Europe's problems are partly a product of the initial success of the single currency. After its launch, cross-border lending exploded. Easy money fed booms, which flattered government fiscal positions and supported bank-balance sheets.

Over time, competitiveness eroded. Euro-wide price stability masked large differences in national inflation rates. Unit labour costs in peripheral countries shot up relative to the core economies, particularly Germany. The resulting deterioration in competitiveness has made the continuation of past trends unsustainable. Growth models across Europe must radically change.

It's the Balance of Payments, Stupid!

For years, central bankers have talked of surplus and deficit countries, of creditors and debtors. We were usually ignored. Indeed, during a boom, the debtor economy usually feels more vibrant and robust than its creditors. In an era of freely flowing capital, some even thought current account deficits did not matter, particularly if they were the product of private choices rather than public profligacy.

When the leverage cycle turns, the meaning and implications of these labels become tangible. Creditors examine more closely how their loans were spent. Foreign financing constraints suddenly bind. And to repay, debtors must quickly restore competitiveness.

Financial globalization has provided even greater scope for external imbalances to build. And its continuation could permit larger debt burdens to persist for longer than historically was the case. However, experience teaches that sustained large cross-border flows usually presage liquidity crunches.

The Global Minsky Moment has Arrived

Debt tolerance has decisively turned. The initially well-founded optimism that launched the decades-long credit boom has given way to a belated pessimism that seeks to reverse it.

Excesses of leverage are dangerous, in part because debt is a particularly inflexible form of financing. Unlike equity, it is unforgiving of miscalculations or shocks. It must be repaid on time and in full.

While debt can fuel asset bubbles, it endures long after they have popped. It has to be rolled over, although markets are not always there. It can be spun into webs within the financial sector, to be unravelled during panics by their thinnest threads. In short, the central relationship between debt and financial stability means that too much of the former can result abruptly in too little of the latter.

Hard experience has made it clear that financial markets are inherently subject to cycles of boom and bust and cannot always be relied upon to get debt levels right. This is part of the rationale for micro- and macro-prudential regulation.

It follows that backsliding on financial reform is not a solution to current problems. The challenge for the crisis economies is the paucity of credit demand rather than the scarcity of its supply. Relaxing prudential regulations would run the risk of maintaining dangerously high leverage—the situation that got us into this mess in the first place.

The Implications of Deleveraging

As a result of deleveraging, the global economy risks entering a prolonged period of deficient demand. If mishandled, it could lead to debt deflation and disorderly defaults, potentially triggering large transfers of wealth and social unrest.

History suggests that recessions involving financial crises tend to be deeper and have recoveries that take twice as long. The current U.S. recovery is proving no exception. Indeed, it is only with justified comparisons to the Great Depression that the success of the U.S. policy response is apparent.

Such counterfactuals—it could have been worse—are of cold comfort to American households. Their net worth has fallen from six and a half times income pre-crisis to about five at present. These losses can only be recovered through a combination of increased savings and, eventually, rising prices for houses and financial assets. Each will clearly take time.

In Europe, a tough combination of necessary fiscal austerity and structural adjustment will mean falling wages, high unemployment and tight credit conditions for firms. Europe is unlikely to return to its pre-crisis level of GDP until a full five years after the start of its last recession.

Managing the Deleveraging Process

Austerity is a necessary condition for rebalancing, but it is seldom sufficient. There are really only three options to reduce debt: restructuring, inflation and growth.

Whether we like it or not, debt restructuring may happen. If it is to be done, it is best done quickly. Policy-makers need to be careful about delaying the inevitable and merely funding the private exit. Historically, as an alternative to restructuring, financial repression has been used to achieve negative real interest rates and gradual sovereign deleveraging.

Some have suggested that higher inflation may be a way out from the burden of excessive debt.

This is a siren call. Moving opportunistically to a higher inflation target would risk unmooring inflation expectations and destroying the hard-won gains of price stability. Similarly, strategies such as nominal GDP level targeting would fail unless they are well understood by the public and the central bank is highly credible.

With no easy way out, the basic challenge for central banks is to maintain price stability in order to help sustain nominal aggregate demand during the period of real adjustment. In the bank's view, that is best accomplished through a flexible inflation-targeting framework, applied symmetrically, to guard against both higher inflation and the possibility of deflation.

The most palatable strategy to reduce debt is to increase growth. In today's reality, the hurdles are significant.

Once leverage is high in one sector or region, it is very hard to reduce it without at least temporarily increasing it elsewhere.

In recent years, large fiscal expansions in the crisis economies have helped to sustain aggregate demand in the face of private deleveraging. However, the window for such Augustinian policy is rapidly closing. Few except the United States, by dint of its reserve currency status, can maintain it for much longer.

In most of Europe today, further stimulus is no longer an option, with the bond markets demanding the contrary.

There are no effective mechanisms that can produce the needed adjustment in the short term. Devaluation is impossible within the single-currency area; fiscal transfers and labour mobility are currently insufficient; and structural reforms will take time.

Actions by central banks, the International Monetary Fund and the European Financial Stability Facility can only create time for adjustment. They are not substitutes for it.

To repay the creditors in the core, the debtors of the periphery must regain competitiveness. This will not be easy. Most members of the euro area cannot depreciate against their major trading partners since they are also part of the euro.

Large shifts in relative inflation rates between debtor and creditor countries could result in real exchange rate depreciations between euro-area countries. However, it is not clear that ongoing deflation in the periphery and higher inflation in the core would prove any more tolerable than it did between the United Kingdom and the United States under the postwar gold standard of the 1920s and 1930s.

The route to restoring competitiveness is through fiscal and structural reforms. These real adjustments are the responsibility of citizens, firms and governments within the affected countries, not central banks. A sustained process of relative wage adjustment will be necessary, implying large declines in living standards for a period in up to one-third of the euro area.

We welcome the measures announced last week by European authorities, which go some way to addressing these issues.

With deleveraging economies under pressure, global growth will require global rebalancing. Creditor nations, mainly emerging markets that have benefited from the debt-fuelled demand boom in advanced economies, must now pick up the baton.

This will be hard to accomplish without co-operation. Major advanced economies with deficient demand cannot consolidate their fiscal positions and boost household savings without support from increased foreign demand. Meanwhile, emerging markets, seeing their growth decelerate because of sagging demand in advanced countries, are reluctant to abandon a strategy that has served them so well in the past, and are refusing to let their exchange rates materially adjust.

Both sides are doubling down on losing strategies. As the bank has outlined before, relative to a co-operative solution embodied in the G-20's Action Plan, the foregone output could be enormous: lower world GDP by more than US$7 trillion within five years. Canada has a big stake in avoiding this outcome.

To Summarize Thus Far

The market cannot be solely relied upon to discipline leverage.

It is not just the stock of debt that matters, but rather, who holds it. Heavy reliance on cross-border flows, particularly when they fund consumption, usually proves unsustainable.

As a consequence of these errors, advanced economies are entering a prolonged period of deleveraging.

Central bank policy should be guided by a symmetric commitment to the inflation target. Central banks can only bridge real adjustments; they can't make the adjustments themselves.

Rebalancing global growth is the best option to smooth deleveraging, but its prospects seem distant.

What It Means for Canada

Canada has distinguished itself through the debt super cycle though there are some recent trends that bear watching. Over the past 20 years, our non-financial debt increased less than any other G-7 country. In particular, government indebtedness fell sharply, and corporate leverage is currently at a record low.

In the run-up to the crisis, Canada's historically large reliance on foreign financing was also reduced to such an extent that our net external indebtedness was virtually eliminated.

Over the same period, Canadian households increased their borrowing significantly. Canadians have now collectively run a net financial deficit for more than a decade, in effect, demanding funds from the rest of the economy, rather than providing them, as had been the case since the Leafs last won the Cup.

Developments since 2008 have reduced our margin of manoeuvre. In an environment of low interest rates and a well-functioning financial system, household debt has risen by another 13 percentage points, relative to income. Canadians are now more indebted than the Americans or the British. Our current account has also returned to deficit, meaning that foreign debt has begun to creep back up.

The funding for these current account deficits has been coming largely from foreign purchases of Canadian portfolio securities, particularly bonds. Moreover, much of the proceeds of these capital inflows seem to be largely, on net, going to fund Canadian household expenditures, rather than to build productive capacity in the real economy. If we can take one lesson from the crisis, it is the reminder that channelling cheap and easy capital into unsustainable increases in consumption is at best unwise.

Canada's relative virtue throughout the debt super cycle affords us a privileged position now that the cycle has turned. Unlike many others, we still have a risk-free rate and a well-functioning financial system to support our economy. It is imperative that we maintain these advantages. Fortunately, this means largely doing what we have been doing—individuals and institutions acting responsibly and policy-makers executing against sound fiscal, monetary and regulatory frameworks.

It cannot entirely be business as usual. Our strong position gives us a window of opportunity to make the adjustments needed to continue to prosper in a deleveraging world. But opportunities are only valuable if seized.

First and foremost, that means reducing our economy's reliance on debt-fuelled household expenditures. To this end, since 2008, the federal government has taken a series of prudent and timely measures to tighten mortgage insurance requirements in order to support the long-term stability of the Canadian housing market. Banks are also raising capital to comply with new regulations. Canadian authorities are co-operating closely and will continue to monitor the financial situation of the household sector.

To eliminate the household sector's net financial deficit would leave a noticeable gap in the economy. Canadian households would need to reduce their net financing needs by about $37 billion per year, in aggregate. To compensate for such a reduction over two years could require an additional three percentage points of export growth, four percentage points of government spending growth or seven percentage points of business investment growth.

Any of these, in isolation, would be a tall order. Export markets will remain challenging. Government cannot be expected to fill the gap on a sustained basis.

But Canadian companies, with their balance sheets in historically rude health, have the means to act—and the incentives. Canadian firms should recognize four realities: they are not as productive as they could be; they are underexposed to fast-growing emerging markets; those in the commodity sector can expect relatively elevated prices for some time; and they can all benefit from one of the most resilient financial systems in the world. In a world where deleveraging holds back demand in our traditional foreign markets, the imperative is for Canadian companies to invest in improving their productivity and to access fast-growing emerging markets.

This would be good for Canadian companies and good for Canada. Indeed, it is the only sustainable option available. A virtuous circle of increased investment and increased productivity would increase the debt-carrying capacity of all, through higher wages, greater profits and higher government revenues. This should be our common focus.

The Bank of Canada is doing its part by fulfilling its mandate to keep inflation low, stable and predictable so that Canadian households and firms can invest and plan for the future with confidence. It is also assisting the federal government in ensuring that Canada's world-leading financial system will be there for Canadians in bad times as well as good and in pushing the G-20 Action Plan because it is in Canada's interests.

Conclusion

It makes sense to step back and consider current challenges through the longer arc of financial history. Today's venue is an appropriate place to do so. A century ago, when the Empire Club and the Canadian Club of Toronto would meet, the first great leveraging of the Canadian economy was well under way. During the three decades before the First World War, Canada ran current account deficits averaging 7 per cent of GDP. These deficits were largely for investment and were principally financed by long-term debt and foreign direct investment.

On the eve of the Great War, our net foreign liabilities reached 140 per cent of GDP, but our productive capacity built over the decades helped to pay them off over time. Our obligations would again swell in the Great Depression. But in the ensuing boom, we were again able to shrink our net liabilities.

When we found ourselves in fiscal trouble in the 1990s, Canadians made tough decisions, so that on the eve of Lehman's demise, Canada was in the best fiscal shape in the G-7.

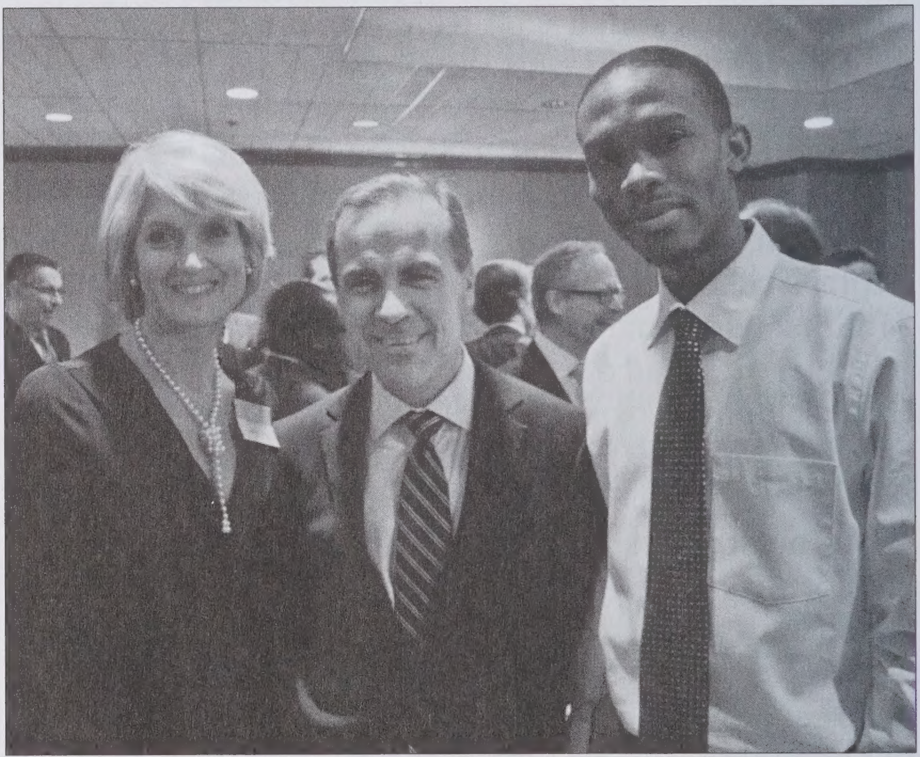
We must be careful, however, not to take too much comfort from these experiences. Past is not always prologue. In the past, demographics and productivity trends were more favourable than they are today. In the past, we deleveraged during times of strong global growth. In the past, our exchange rate acted as a valuable shock absorber, helping to smooth the rebuilding of competitiveness that can only sustainably be attained through productivity growth.

Today, our demographics have turned, our productivity growth has slowed and the world is undergoing a competitive deleveraging.

We might appear to prosper for a while by consuming beyond our means. Markets may let us do so for longer than we should. But if we yield to this temptation, eventually we, too, will face painful adjustments.

It is better to rebalance now from a position of strength; to build the competitiveness and prosperity worthy of our nation.

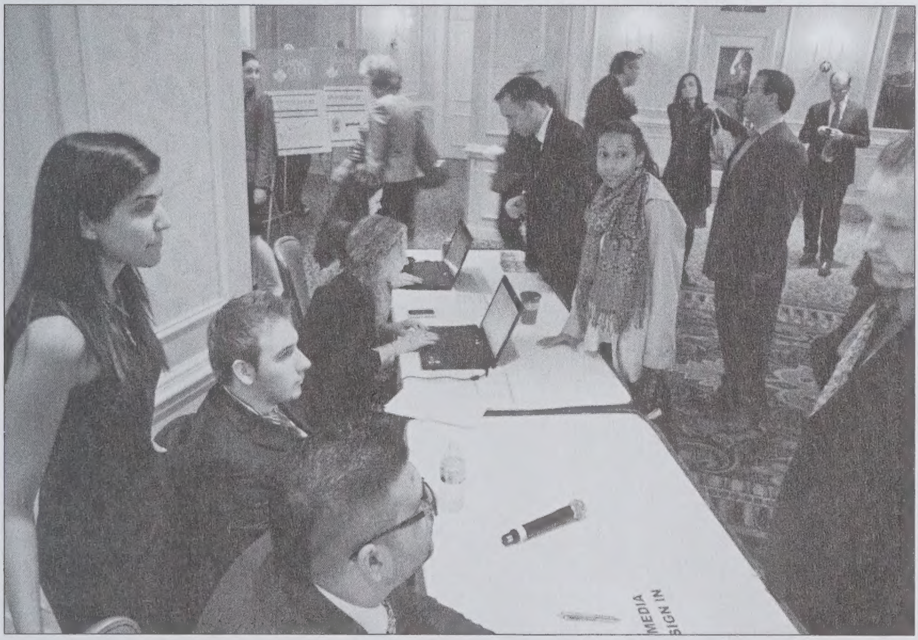
The appreciation of the meeting was expressed by Jaime Watt, Executive Chairman and Senior Partner, Navigator Ltd., and President, The Canadian Club of Toronto.



Verity Craig, President, The Empire Club of Canada, Mark Carney, Governor of the Bank of Canada, and our student head-table guest, Christian Petit-Frere of Greenwood Secondary School.

THE
EMPIRE
CLUB
OF CANADA

Bishop Mark MacDonald, National Indigenous Anglican Bishop, leads the Empire Club of Canada in grace prior to the Levant luncheon.

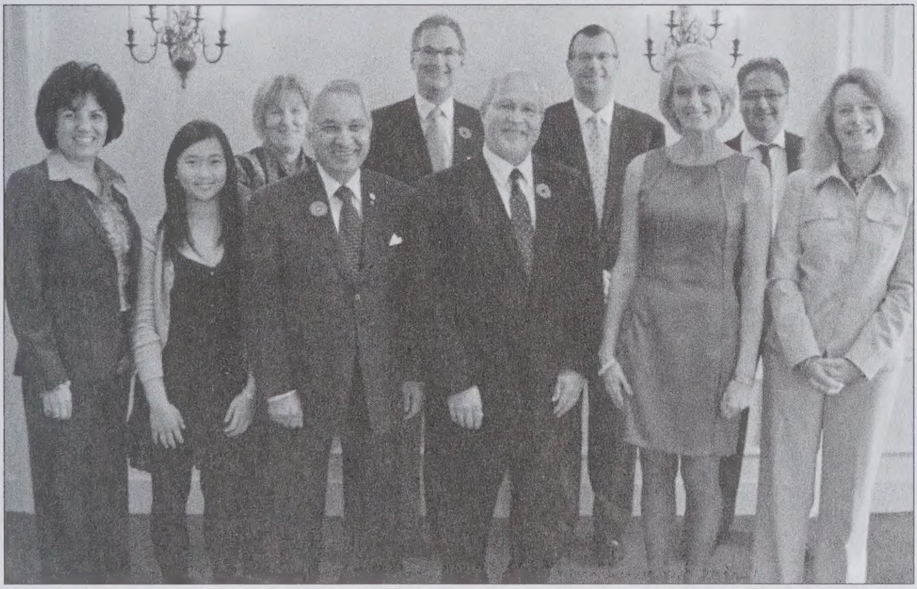

MEDIA
SIGN IN

Jehan Karsan, Executive Director, The Empire Club of Canada, directing her team at registration for the Mayor Rob Ford luncheon.

THE EMPIRE CLUB OF CANADA
THE EMPIRE CLUB OF CANADA

Ezra Levant, the provocateur at work!

Captain Dr. John Niles, Senior Minister, St. Andrew's United Church, and a Past President, The Empire Club of Canada, and Ian Greenberg, President and CEO, Astral Media Inc., at the podium of The Empire Club of Canada.

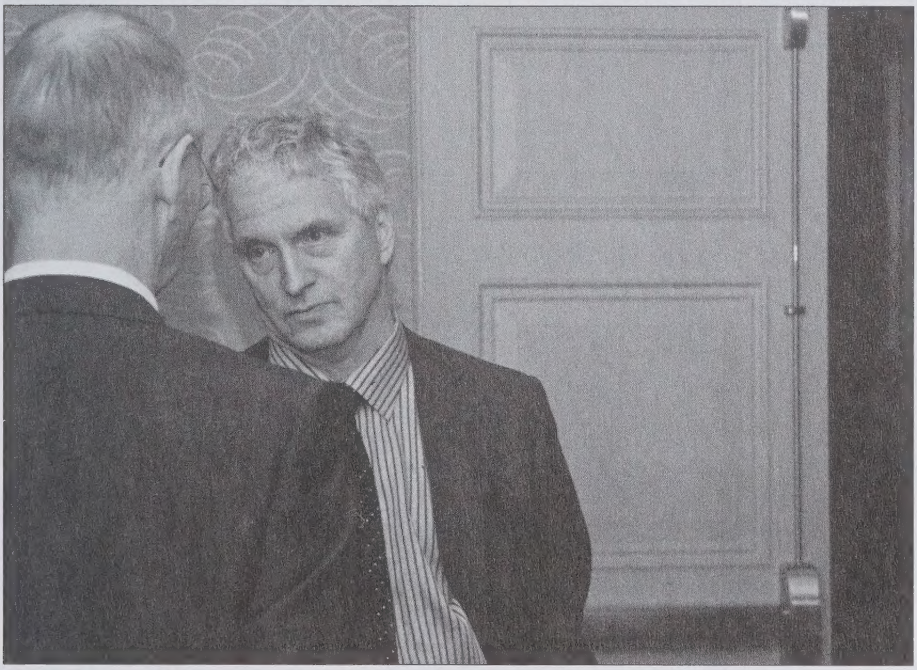


The Dr. Barry McLellan head table assembles at the pre-luncheon reception.

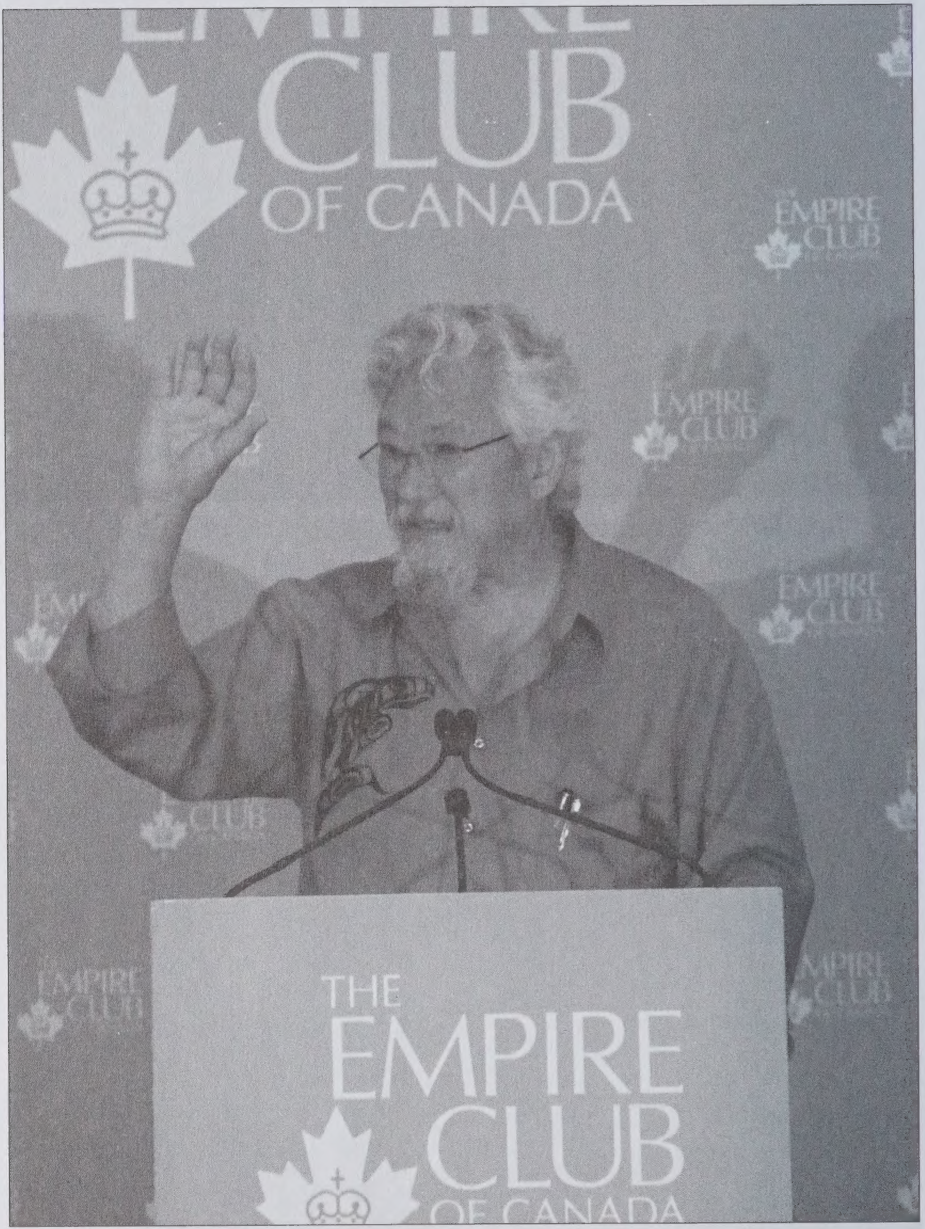
The Lyse Doucet head table assembles at the pre-luncheon reception.

A rapt audience at the Investment Outlook luncheon. Thinking of their pensions?

The head-table assembles in the reception room prior to the luncheon with Minister and President of the Treasury Board, Tony Clement.



George Cook, President and CEO, The Dominion of Canada General Insurance Company, and a Past President, The Empire Club of Canada, in deep thought.


EMPIRE
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CLUB
OF CANADA

David Suzuki addressing The Empire Club of Canada.

Dark suits abound as the head-table prepares to assemble and enter the luncheon room.

EMPIRE CLUB
2
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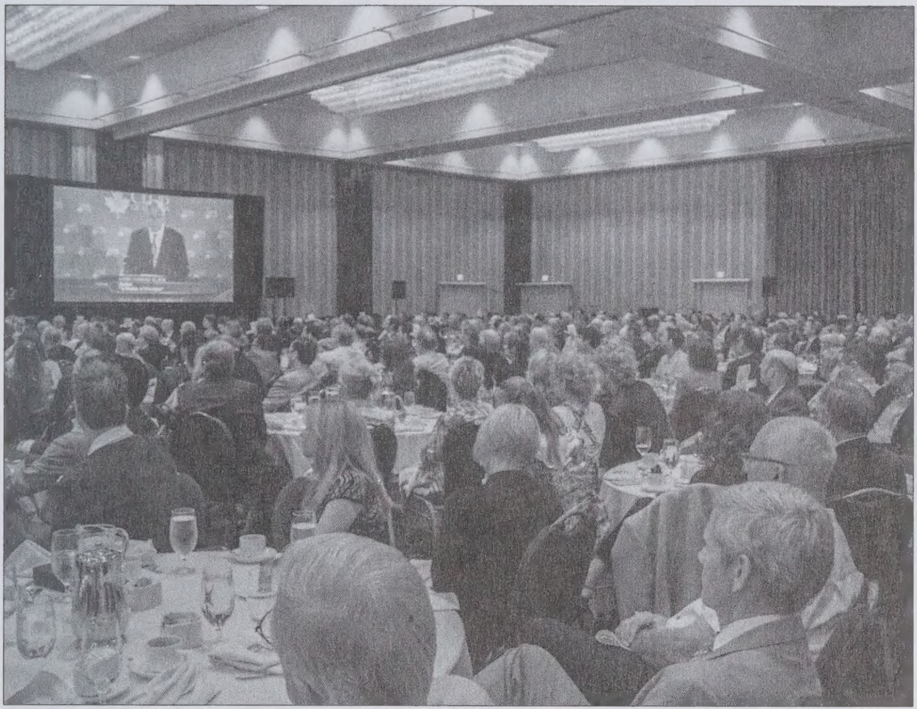
7
9

Anita Gupta, President and CEO, NMI Consulting Group, and Director, The Empire Club of Canada, thanks Minister Jason Kenney on our collective behalf.

The ladies come out for Mr. Jason Kenney, Minister of Citizenship, Immigration and Multiculturalism.

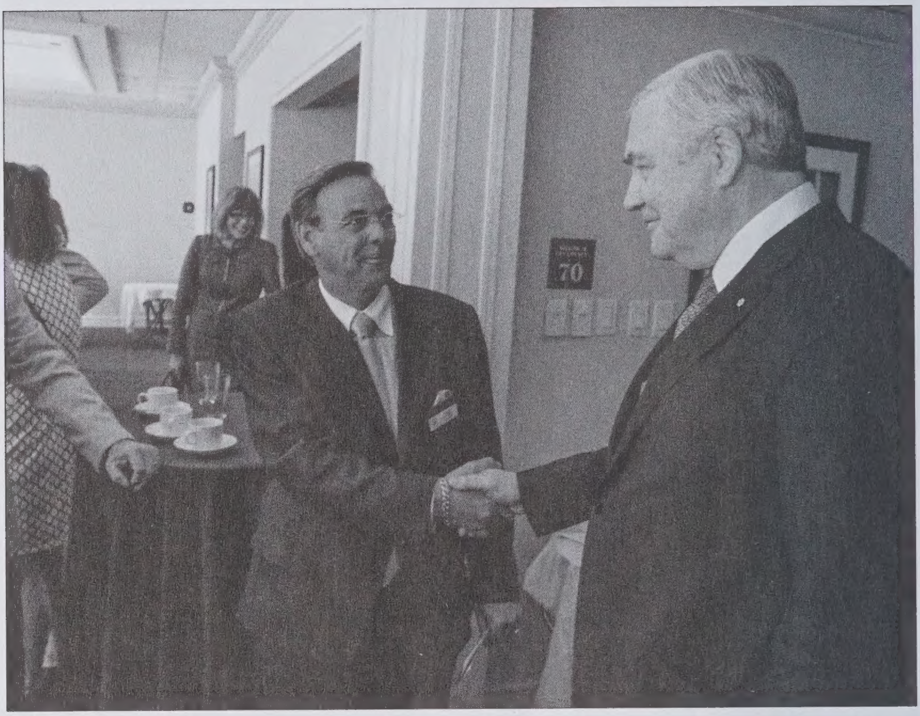
THE EMPIRE CLUB OF CANADA

John Koopman, Partner, Spencer Stuart, and a Past President, The Empire Club of Canada.

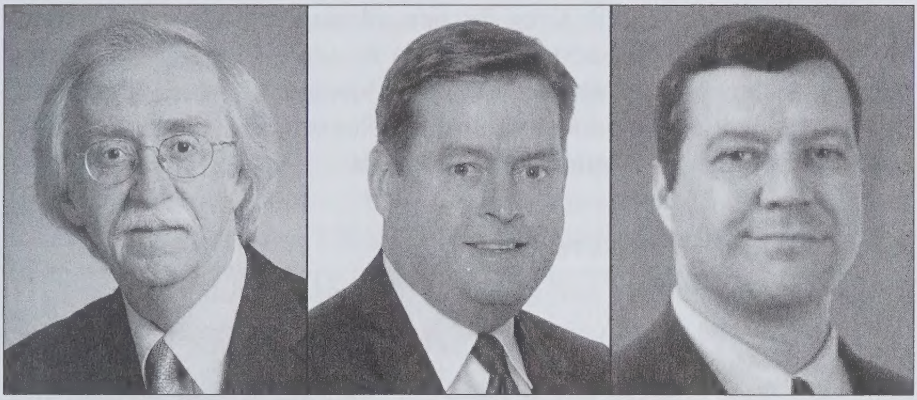


A full house listens in rapt attention to Conrad Black, Baron Black of Crossharbour.

The head table assembled for Conrad Black, Baron Black of Crossharbour.



Conrad Black, Baron Black of Crossharbour, meets long-time Empire Club Director, Mr. Doug Morris.



January 5, 2012

Nick Barisheff

President, Bullion Management Group Inc.

Stephen Harris

Head of Research, Macquarie Capital Markets

Fred Sturm

Executive Vice-President, Mackenzie Financial Corporation

ANNUAL INVESTMENT OUTLOOK 2012

Chairman: **Verity Craig**
President, The Empire Club of Canada

Head Table Guests

Alex Squires, Director, Brant Securities, and Director, The Empire Club Of Canada; Gerry McCarvill, Chairman and CEO, Norvista Resources Corporation; Brian Prill, Partner, Blaney McMurtry LLP; Paul Martin, CFO, Detour Gold; Bill Biggar, President and CEO, North American Palladium; Brian Bloom, President, Bloom Burton & Co; Greg Woynarski, President, Toronto CFA Society; Daryl Hodges, President and CEO, Jennings Capital; Bruce Smith, Reverend, King-Bay Chaplain; William White, Managing Partner, Financial Advisory Services, IBK Capital Corp., and Director, The Empire Club of Canada; Jay Smith, Vice-President and Director, CIBC Wood Gundy; Rory Cattanach, Partner, Wildeboer Dellelce LLP; David Brown, Partner, Weirfoulds LLP; Greg Barnes, Managing Director, Head of Mining Research, TD Securities; Brian Koscak, Chairman, Exempt Market Dealers Association of Canada; Howard Wetston, Chairman, Ontario Securities Commission; and Ian Russell, President and CEO, Investment Industry Association of Canada.

Introduction by Verity Craig

Reverend sir, members and guests of the Empire Club, the year 2011 has been charged with cataclysmic and largely unexpected events—political upheaval, social unrest, natural disasters, and financial collapses. The January fall of the Tunisian government marked the birth of the Arab Spring, the consequences of which continue to reverberate in the Arab world. The Occupy Movement marked the surge of social protest in the western world. The tsunami in Japan was a human tragedy that also demonstrated the instability of global supply chains. Finally, there is the ongoing European financial crisis, the crumpling of Greece and turbulent capital markets.

Despite this, optimism may be just around the corner. There are signs that the U.S. is cautiously returning to growth, and Canada is broadly admired as one of the most financially stable countries in the world.

Ladies and gentlemen, it is my privilege to welcome our guest speakers who will give us their informed perspective on investing in 2012, and will, we hope, guide us to that hidden silver lining.

Stephen Harris is Head of Research, Macquarie Capital Markets.

Stephen Harris has been Managing Director and Head of Research since August 2006 and is also Macquarie's North American strategist. Prior to joining Macquarie, Steve spent 15 years on the buy side as managing director and portfolio manager at a leading institutional investment counsellor with responsibility for investment strategy, portfolio construction, and equity research.

Nick Barisheff is President, Bullion Management Group.

Nick Barisheff is a globally renowned bullion authority, with regular appearances on BNN, CBC, CNBC, and countless interviews and articles in leading business publications across North America, Europe and Asia.

Nick draws from his experience as Founder, President and CEO of Bullion Management Group Inc.

Toronto-based BMG is one of the world's fast-growing precious metals bullion management companies. BMG is an associate member of the London Bullion Market Association and BMG Bullion Fund is the world's first and only open-end mutual fund trust that purchases equal dollar amounts of unencumbered gold, silver and platinum bullion.

Fred Sturm is Executive Vice-President, Mackenzie Financial Corporation.

Fred Sturm, Executive Vice-President and Chief Global Investment Strategist, has been a member of Mackenzie's investment team since 1981. He has established a reputation as one of the leading investors in natural resource-based companies. In addition to the Canadian mutual funds and private accounts he manages for Mackenzie, Fred also manages the Ivy Global Natural Resources Fund in the U.S. for Waddell & Reed Ivy Investment Company. In 2004, Fred was named fund manager of the year.

Ladies and gentlemen, please join me in welcoming our first speaker, Stephen Harris.

Stephen Harris

Well thank you, Verity. Thanks all of you for coming today and giving me an opportunity to share with you Macquarie's views about the outlook for the markets in 2012. I hope you all had a chance to relax and recuperate over the holidays because last year was really a very difficult year in the markets and most of us felt pretty worn out by the time December had rolled around. If you think about it, it wasn't just a year of poor returns. It was a year where really the market, particularly in the second half, was almost trendless. It was very difficult to anticipate developments coming out of Europe almost overnight leading to very random macro-driven movements and markets that made managing money very difficult.

I'd like to tell you that that was then and this is now and that 2012 was going to be very different, but I can't. Really we're looking at more of the same—another macro-driven year—but I do think there are some differences and we think there's going to be opportunities to make money this year particularly in the first half of the year. In that context, I'd like to talk to you about five themes that we think are going to drive markets through this year.

First, we're in the midst of a long-term deleveraging cycle in developed markets. Deleveraging cycles are protracted, they're painful, and typically they haven't been particularly friendly to either economic growth or equity markets. If you look at this deleveraging cycle, we see excess leverage at the consumer level. We see it at the government level. We see it in financial institutions. We don't see it in the corporate sector. That's really a silver lining for equity markets as we go through a difficult process. To our minds this deleveraging cycle began about five years ago with the peak of the U.S. housing market. Since then, we've seen housing prices decline by about 25 per cent in the U.S. and then stabilize. We've seen interest rates in developed markets move towards zero. We think they're likely to stay there.

If you look at what's been happening in the affected sectors, in the financial sector we've seen progress towards deleveraging, banks have raised capital, balance sheet leverage has been reduced, but there's a lot more work to be done here particularly in Europe. In the consumer sector, the consumer net worth in the U.S. has been hit hard by declining home prices so in spite of the fact that consumer debt has actually moderated a little bit, leverage rations as measured by debts and net worth remain very elevated, so there's lots of work to be done to de-lever here. In the government sector, we're actually seeing debt ratios continue to rise. We don't think that they're going to peak for another couple of years. Again there's lots of work to be done ahead of us in delivering the government sector.

What does this mean for economic growth? Basically every dollar used to reduce leverage is a dollar not used for consumption. Deleveraging by definition ends up being a drag on growth. We see a slow growth cycle in most developed markets. In the U.S., we think growth is going to average about 2 per cent for the next several years. We see inflation remaining low and we see a continuation of a struggle in the U.S. economy to generate a significant amount of jobs.

Now, some have said that the U.S. is embarking on the same journey that Japan embarked upon 20 years ago. We think that would be a mistaken conclusion and that's for two reasons. First, the U.S. economy is way more dynamic than the Japanese economy. Second, we think that policy makers in the U.S. are going to be far more aggressive both in fighting deflationary forces and in promoting growth. There are two key differences there. That having been said, let's make sure we understand that it's going to be a long, slow grind, and that the worst thing, the worst mistake we can make as investors, is to keep looking for that v-shaped recovery just around the corner. It's going to be more of the same of what we saw in the last year.

Our second theme that we'd like to talk to you about is sovereign risk. Following the global financial crisis, we saw government revenues fall substantially and government expenses rise significantly as a result of fiscal stimulus and as a result of bailouts. As a result, we've seen debt-to-GDP ratios move higher and in many nations we're approaching or are actually above the critical 90-per-cent level that Ken Rogoff tells us is the point at which government deficits become a front-burner issue for markets. As equity investors, what do we need to be focussed on in terms of sovereign risk? It's not just that sovereign risk causes systemic instability and market volatility. If we look at what it means for policy, sovereign risk limits the ability of governments to respond to economic weakness by using fiscal stimulus. In fact in Europe right now, we're seeing countries enduring economic weakness that are being forced to tighten fiscal policy at the same time. That's happening in Italy, in Greece, and in Spain.

The absence of fiscal policy levers means that we're going to see monetary policy remain accommodative for much longer than what would otherwise be the case. This will be the case throughout developed markets. In the U.S., we believe rates will stay very low through 2015, will stay at current levels. We can make a case that rates could stay at current levels straight through to 2020.

What does that mean for us investors? Every decision we make we need to think about in the context of zero short rates for the foreseeable future. These have bullish implications for the yield stocks, which have done so well last year, have bullish implications for gold and for speculation in industrial commodities, and have bearish implications for the financials and compressional margins in that sector. Let's not forgot that. If there's one message I want you to take away today it's to not expect the interest rate environment to change anytime soon.

Now we can't talk about sovereign risk without talking about Europe. I could spend all my time talking about Europe, but I'll leave you with a conclusion. The conclusion basically is that we think that Europe will be successful in the first part of this year in containing its sovereign debt crisis. It won't solve the problem, but by the ECB taking a much more active role in buying sovereign bonds, we think that markets will believe that the problem has been contained and that will allow equity markets to rally.

Our third theme of the year is that we expect the growth gap between developing and developed nations will widen. Europe is in recession today. Growth in the U.S. is bumping along at around 2 per cent. The constraints on growth that we see in the developed world, deleveraging and sovereign risk, are not much of a factor for the developing world. In fact with the policy tightening that we saw last year, developing nations have a lot of policy room to foster growth in 2012. Think about where the world has come from. In the 1980s, the developing world contributed 30 per cent of global growth. Over the next five years, the IMF projects that it will contribute over 70 per cent of global growth. If you look at commodity markets, they're telling you that this is going to be the case. Who would have guessed at the beginning of the year that with Europe in recession, slow growth in the U.S., and slowing growth in China, we'd be looking at an oil price of $100 and a copper price over three-and-a-half. What the market is telling you therefore is that the developing market growth will come through.

That brings us to our fourth theme and that's synchronized global easing. This has begun in the current quarter as central banks around the world move to cut rates or initiate additional quantitative easing measures. We think we'll see a lot more of that as we come into the new year. One of the key facilitators of this will be lower inflation. We don't actually need to see lower monthly inflation numbers coming out of the U.S. and China to bring inflation rates down. That's going to happen just by dropping off big numbers from the year-over-year calculation, big numbers from last year. We see inflation in the U.S. by the spring falling to under 2 per cent. In China inflation, which was just over 6.5 per cent a few months ago, isn't going to fall to under 3 per cent. Falling inflation will provide policy makers with the freedom to cut rates more aggressively. We think that equity investors are going to see those rate cuts. They're going to believe that central bankers will be capable of reflating growth, confidence will improve, and we'll see investors move back into risky assets. We're really entering the sweet spot of the cycle where policy will be seen to be effective. That's going to be the real driver of strength in the first of this year for equity markets.

Our final theme is strong corporate profits. Non-financial profit margins in the U.S. are at a 60-year high and we think there are a number of factors behind that. The most important one is labour's loss of pricing power. Labour represents the largest cost for U.S. companies. Since the end of the global financial crisis, unit labour costs in the U.S. have essentially been flat. The silver lining to a lack of job growth is labour's lack of pricing power. We're seeing basically a situation where every incremental dollar of revenue that corporations generate can fall. A large portion of that can fall to the bottom line. That's why profits have been so strong. We see S&P earnings up this year by 7 per cent in spite of a recession in Europe. If anything we think our forecast could be light. There could me more upside in that number.

Let me wrap it up with some conclusions about markets. The next two to three years, I think, are going to continue to be challenging for equity markets and we see single-digit returns out of the S&P 500. This won't be a straight line. It will be a pattern of three steps forward and two steps back. The good news is that we're entering the sweet spot of that cycle. We see equity markets rallying to 1400 to 1500 on the S&P 500 up from 1250 or just above that at year-end, so a strong first half, but then easing back to 13 1/4 by year end.

More of the same will occur in Canada only maybe stronger where the S&P TSX closed the year at just under 12,000. We see 14 to 15 thousand on the index by June of this year and then easing back to 13,500 next year. All sectors should participate in strength in this period, but the greatest bang for your buck is going to come from the resource sectors. Our top pick is gold. We see gold rallying to $2,500 and we think that the weakness we see in the global prices through December create a really good entry opportunity. We also like energy and base metals with copper making new highs in the first half of the year and oil reaching $120 at some point here.

Our view on a softer market in the second half is really predicated on expectations that the U.S. is going to tighten fiscal policy as we come into 2013, and that that's going to create concerns about growth. In the second half of the year we suggest you rotate out of those resource stocks and back into the yield stocks that have done so well in the second half of 2011. The telcos, pipelines, and utilities would be the places to be in the second half of the year. I think my time is just about up so thank you very much and I wish on behalf of Macquarie that you all have a happy and profitable new year in 2012.

Verity Craig

Thank you very much, Stephen. I'd like to call upon Nick Barisheff please.

Nick Barisheff

Good afternoon, it's a pleasure to speak about gold at this outlook for 2012.

Today, I'd like to focus on one important idea: the direct relationship between the rising price of gold and the rising levels of government debt that result in currency debasement. Since we measure investment performance in currencies, a clear understanding of the outlook for currencies is critical.

In order to understand gold's relationship, it's important to understand that gold is money. It is not simply an industrial commodity like copper, or zinc. It trades on the currency desks of most major banks—not on their commodities desks. The turnover at the London Bullion Market Association is over $37 billion per day, and volume is estimated at five to seven times that amount—clearly, this is not jewellery demand.

The world's central banks know gold is money: after decades of modest sales they have become net buyers since 2009. This trend strengthened in 2010 and gained momentum in 2011. They are buying gold as a counterbalance to their devaluing currencies.

As money, gold has provided the most stable form of wealth preservation for over three thousand years; it still does today. Gold has outperformed all other asset classes since 2002.

This chart clearly shows that U.S. federal debt (purple) and the price of gold (gold) are now moving in lockstep. This correlation will likely continue for the foreseeable future. The red line represents the repeatedly violated government debt ceilings.

Based on official estimates, America's debt is projected to reach $23 trillion in 2015 and, if the correlation remains the same, the indicated gold price would be $2,600 per ounce. However, if history is any example, it's a safe bet that government expenditure estimates will be greatly exceeded, and the gold price will therefore be much higher.

And it's not just the U.S. Most Western economies have reached unsustainable levels of debt that will be impossible to pay off. It's worth noting that the U.S. Federal Reserve, unlike the European Central Bank, can create currency without restriction. The U.S. dollar has been the de facto world reserve currency for over half a century; the rest of the world's currencies are essentially its derivatives. Whether global debt is in euros or Special Drawing Rights issued by the IMF, the fed, and thus indirectly the U.S. taxpayer, may become the lender of last resort.

There are four possible ways to reduce government debt:

One: Grow out of it through increased productivity and increased exports. This is highly unlikely, as Western economies, and even China, are poised for recession.

Two: Introduce strict austerity measures to reduce spending. This has the unwanted short-term effect of increasing unemployment and reducing GDP, resulting in even higher deficits.

Three: Default on the debt. This will make it difficult to raise future bond issues.

Four: Issue even more debt, and have the central bank in question simply create whatever amount of currency is needed.

Most politicians will select option four, since few have the political will to choose austerity, cutbacks and full economic accountability over simply creating more and more currency. Almost inevitably, they will choose to postpone the problem and leave it for someone else to deal with in the future.

Last August, the world watched as the U.S. government struggled to come to an agreement on raising the debt ceiling, and was forced to compromise and delegate the final solution to a "super committee." Its lack of political will earned the country an immediate downgrade from the S&P. Then, the hastily convened "super-committee" failed to reach a solution.

In Europe, matters were even worse. Greece did try to write off half its debt, but Germany and France reminded the Greeks that, if they did, no one would buy their bonds. The British and Irish implemented austerity measures that raised unemployment and reduced GDP, resulting in even higher deficits. The Italians watched their bond yields rise to 7 per cent. While the tsunami and related nuclear incident deflected attention from Japan's financial problems, it is a temporary lull, because Japan has the highest debt-to-GDP ratio of any of the developed countries.

In order to compensate for slowing growth, governments attempt to devalue their currencies and thus improve export competitiveness. This can lead to a global currency war that author and Wall Street/Washington insider James Rickards discusses in his bestselling new book, "Currency Wars." This process is now well underway.

A recent Congressional Budget Office report predicted the U.S. federal government's publicly held debt would top an unsustainable 101 per cent of GDP by 2021. Currently, the official U.S. debt is an astronomical $15 trillion. Yet this is only the current debt. If the U.S. government used the same accrual accounting principles that public companies must use, unfunded liabilities like Social Security and Medicare make the real debt more than $120 trillion. This represents over $1 million per taxpayer. Obviously, this amount is impossible to repay.

It's interesting to note that in almost every recorded case of hyperinflation, the point where inflation exceeds 50 per cent a month was caused by governments trying to compensate for slowing growth through full-throttle currency creation. This is exactly what we are seeing today.

These events gave me the confidence to title my new book, "$10,000 Gold: Why Gold's Inevitable Rise is the Investor's Safe Haven." The book connects the many trends that will be directly and indirectly responsible for both the rising debt and the rising gold price over the next five years. It will be published this year.

To make matters worse, the irreversible macro trends I discussed in last year's Empire Club speech are still very much in place today. These include the added costs of retiring baby boomers, systemic unemployment due to outsourcing of Western jobs through globalization and rising oil prices due to peak oil. These irreversible trends will increase unemployment, lower GDP, reduce tax revenues, increase deficits further and force governments to borrow even greater amounts.

Governments find themselves between the proverbial rock and a hard place, as even austerity measures tend to negatively impact GDP. As GDP falls and debt increases, credit downgrades are likely to follow, resulting in higher bond yields followed by even greater deficits. This becomes an unstoppable descending spiral.

Loss of purchasing power against gold continued unabated last year. The U.S. dollar and the British pound have lost over 80 per cent of their purchasing power against gold over the past decade, and the yen, the euro and the Canadian dollar have lost over 70 per cent.

As we remind our clients this is not a typical bull market. Gold is not rising in value, currencies are losing purchasing power against gold, and therefore gold can rise as high as currencies can fall. Since currencies are falling because of increasing debt, gold can rise as high as government debt can grow.

The sovereign wealth funds as well as the more conservative central banks will have little choice but to re-allocate to gold in order to outpace currency depreciation. This is why some central banks, particularly those of China and India, accelerated their gold buying in 2011, for a third year in a row, to nearly 500 tonnes—about one-fifth of annual mine production.

While central banks have been net purchasers of gold since 2009, the real game changers will be the pension funds and insurance funds, which at this point hold only 0.3 per cent of their vast assets in gold and mining shares. Continuing losses and growing pension deficits will make it mandatory for them to eventually include gold—the one asset class that is negatively correlated to financial assets such as stocks and bonds. When this happens, there will be a massive shift from over $200 trillion of global financial assets to the less than $2 trillion of privately held bullion.

In considering where gold will be at the end of 2012, I looked back to my first Empire Club talk of 2005. I said then that it didn't really matter whether gold closed the year at $400 or $500 an ounce, the trends were in place to ensure it had much further to rise. Seven years later, we can say the same thing. It doesn't matter whether gold ends 2012 at $2,000 or $2,500, because gold's final destination will make today's price seem insignificant.

These can be frightening times, but gold always offers hope. We may not be able to heal the global economic problems of government debt, but individuals can protect and even increase their wealth through gold ownership. Gold bullion ownership, not mining shares, ETFs or other paper proxy forms of ownership, is an insurance policy against accelerating currency debasement. We use the analogy that in the case of fire, would you rather have a real fire extinguisher or a picture of one?

A number of people have approached me recently and said they wished they had listened five years ago. They feel they have missed the boat, that it's too late to buy gold. For those who feel that way, let me close with a Chinese proverb I discovered last year: The best time to plant a tree is 20 years ago. The second best time is today.

Verity Craig

Thank you Nick. I'd like to call upon Fred Sturm.

Fred Sturm

Good afternoon everyone. It is an honour to be with you here today. New years always start with strategists feeling compelled to make bold forecasts. Today I'm not going to forecast interest rates. I'm not going to forecast the stock market. I'm not going to forecast profits nor am I going to forecast commodity prices. What I'm going to boldly forecast is your state of mind. I think what you're state of mind is going to do over the course of this year is move from being highly uncertain after a year of growing uncertainty to a year of more certainty and more visibility as to how we will attack the problems which are so visible before us today. There's a good news message embedded in that and that is, as markets become more certain, they also become a little bit more confident. With confidence we're emboldened to act. We do need to be proceeding to act.

My topic is basically to suggest investors keep a positive bias to long-term investing in anything that has limited supply growth. That may be gold but it doesn't have to be. It may be Picassos, but largely it can also be very good companies. Any company that is creating wealth is likely to be an above-average investment idea. The basis for my hope is, as you've already heard in this growing global economy, based on supply constraints, which are still very real in so many different areas. It also is based on the debasement of money.

For all of last year, we had the tagline, "It ain't great, but it's not 2008." We carry forward into the new year with some of that same mindset. Whether we like it or not I think it is going to be part of our fabric. We're going to have these waves of inflation, deflation, risk on, risk off. We can project out to the end of this decade with fewer Chinese workers than today that we might actually have labour inflation as the next challenge for businesses to deal with. First cover off your basics. Have enough security to win some time horizon for the rest of your investments. In other words have enough safety assets and then extend out into the fixed-income world. For us, the class of better grade corporate bonds and running yield dividend stocks still look attractive. As we progress after that, there are the Apples of the world that aren't hearing a lot of this noise in Europe and are continuing to sell more iPhones and more iPads. There are others like that—the McDonalds and MasterCards of the world where business is going on quite well. Do not miss in the headlines of all these macro concerns that at the micro level a lot of people are doing reasonably well. A lot of companies are generating decent profit. If you're doing that then every year that goes by you are indeed accumulating more wealth.

For me the big story, the long-term story, the definitive story for our lifetime, is this rebalancing of the world. We feel a little under the cloud, but never before in human history have we empowered as many people as we have been doing in the last 10 years, partially as a result of the generosity of including that labour pool in our lives. I do not like that we have these secular deleveraging challenges. I do not like that we still have unresolved euro structure issues. I do not like that we still have some banking financial structures to deal with over in Europe.

However, and this is important to keep in mind too, we really do like that supportive policy commitment is now going to be prevalent around the rest of the world. I do like that corporate balance sheets have never been stronger, that valuations are attractive and wealth creation is continuing.

Now I'd like to provide your biggest challenge to you—life is going to prove to be long, I promise. In a Twitter world, we are all almost pulled into this concept that we have to make a decision every day and that we probably have to change it tomorrow. Yet the reality is for most of us, with God's good help, life will be long. What we're running into is a challenge that right now we are starting to want to make short-term decisions for long-term purposes and that never works out well. With this formula, as you might have recognized already, if you're invested in T-bills it'll take you 350 years to double your money and we hope to do better than that for you.

The biggest trend in the world that is not stopping, and we've used this chart now for a decade and I continue to use it, is the one of world population growth. The world is growing at about 350 million people every five years. Every five years we have to feed and clothe and house another North America. The challenge there is if the world loses sight of that growth. We are legitimately afraid at the corporate directorship level about the risks to accommodate that growth, if we don't invest for the food, for the oil, for the basics that these economies will require.

In addition to that of course we have the big story of global rebalancing. We have had a nice start so far but China would say there are still yards to go. This is the allocation over the last several hundreds of years. How's that for a one-year forecast kind of chart? It just suggests again that these trends of global rebalancing have a long way to go and we have to keep thinking of what that means in our lives and in our businesses. In the '70s, '80s, and '90s, as we all know, most of the world's growth was anchored in the developed economies so mostly we could decide what the world would do based on our own personal experiences. Now and going forward, 80 per cent of global growth is going to be coming from these developing economies. Only 20 per cent is coming from the economies that we otherwise might judge from our own backyards, and in that regard, we do think we are going to see sustained growth in half of the world's economy in the range of 6 per cent that gives us approximately a base starting growth rate of about 3 per cent. Add a little for America, take a little bit away for Europe, and you're in that 3.5 per cent type of growth range.

I think for this year and in the next quarter the most meaningful change from uncertainty to certainty is an important inflection point in Chinese policy. That is the part that we don't often see as much as we need to. What I've done here is I have overlaid the money supply growth that is the black line of Chinese money growth year over year, together with commodity pricing, with the price of energy stocks and with the U.S., and the Canadian dollar expressed in U.S. dollar terms. There are clear secular trends and that is for higher commodity pricing debasement of currencies for a general appreciation of wealth creation assets. What we're overlaying here is the cyclic impact of these emerging markets which had been ironically fighting a challenge that their economies are growing too strong and that inflation pressures are very real in those economies. I think over the next six months, you are going to see again more certainty in the commitment from these emerging markets to an easing process.

In this alignment of easing, what does it mean for gold prices? I think the backdrop is still favourable. Now we have been at Mackenzie Financial a voice of persistent but moderated bullishness. As a team-lead manager for resources, I hope all of these forecasts for steadily higher commodity prices will continue. Yet I look back and I see natural gas in North America is the same price it was 15 years ago. What secular bull market are we talking about? What I want to highlight is the power of human ingenuity to answer the call. If we can recognize there is a challenge and we can figure out the path to get after it, human ingenuity will step in and provide solutions. I think that's what we will see going forward in a number of different areas.

The challenge is going to be one of ongoing politics and here is where supply constraints will matter and will continue to matter. Consider this: we celebrate now that the American troops are out of Iraq and so I have a business proposition for all of you. Please join me after this meeting so that we can all start a new business exploring for oil in Iraq now that it has all been secured—not. When the first troops went into Baghdad, it was forecast that within a year, a couple of years, they would be back to their historic highs in production, and by this time Iraq, which has the geologic potential, would be producing eight million barrels a day of oil and you can see where we are today. It isn't in many cases that there aren't solutions, that there aren't new technologies for more efficient grain systems. The challenges are political. In that regard perhaps I'm a little less optimistic. I do fear that there is a risk of more inward-looking behaviour, a little bit more husbandry of our own resources then one of sharing. What we have seen is the benefit in the '80s and '90s and through the last decade of increasing global trade, the ability to allow us all to specialize in that which we are good in. Wherever you can in your businesses, try to be a voice of openness, be a voice of that opportunity.

What does it mean for the stock market? Well here is my personal history in the last three decades. I have seen periods of high taxation, low taxation, high interest rates, low interest rates, various stages of global wars and challenges. Yet that trend line over the long term has been a favourable one. The only hint here on this chart is to try to buy it when it's on that lower part of that range rather than the higher part. Then you may not have to wait as long to get back on the plus side. The good part is that we are indeed in valuation ranges, which are more encouraging. This is a chart now of 10-year buy-and-hold returns. After 10 years of being banged over the head that stocks in America go nowhere, the American public has been cajoled into buying into that idea or giving up hope of making money in equity investing. Of course it's when you give up hope that your chances are best. Rarely and uncommonly have equities underperformed for 10 years. Most commonly when they have, the go-forward opportunity has been that much better. I urge you to go into this year with reasonable prudence but with adequate hope at the same time. Thank you.

The appreciation of the meeting was expressed by Ian Russell, President and CEO, Investment Industry Association of Canada.

Verity Craig, President, The Empire Club of Canada, and Partner, CV Management, Stephen Harris, Head of Research, Macquarie Capital Markets, Nick Barisheff, President, Bullion Management Group Inc., and Fred Sturm, Executive Vice-President, Mackenzie Financial Corporation.

January 17, 2012

Robert Deluce

President and CEO, Porter Airlines

PORTER AIRLINES: BUILDING TORONTO'S HOMETOWN AIRLINE

Chairman: **Verity Craig**
President, The Empire Club of Canada

Head Table Guests

Tim Reid, Director of Business Development, ZED Financial Partners, and Past President, The Empire Club of Canada; Michelle Ho, Student, Business and Law Studies, Harbord Collegiate Institute; Rev. Chris Miller, Reverend, Oriole York Mills United Church; Simon Roberts, Vice-President and General Manager, Bombardier; Peter Newell, Senior Partner, Norton Rose; Geoff Wilson, President and CEO, Toronto Port Authority, and Director, The Empire Club of Canada; John West, Managing Partner, Toronto Office, and Senior Partner, Norton Rose; and Kevin Johnson, U.S. Consul General.

Introduction by Verity Craig

Robert Deluce is a force to be reckoned with in the Canadian aviation world. It is no small feat becoming the third-largest player within five years of launching Porter Airlines. Ladies and gentlemen, you would be hard pressed not to find an article about Porter written weekly or even daily in our national press.

Robert's passion for the aviation world was introduced through the roots of his family. He brings to the industry over 60 years of

Deluce family experience. His father, Stan Deluce, was a flyer for the Royal Canadian Air Force in the Second World War and then formed their first air flight service, White River, in 1951. From there a line of successful airlines was born, including NorOntair, Air Alliance and Canada 3000.

Robert Deluce has been President of Deluce Capital Corp. since 1987, and is currently President and CEO of Porter Airlines.

Recently I had the pleasure of using Porter and want to personally thank you for bringing a sense of class and service back into the airlines. There is nothing better after a long day of work to be greeted on the plane by a flight attendant who hands you a glass of wine in a real glass.

Ladies and gentlemen, please join me in welcoming Mr. Robert Deluce.

Robert Deluce

Thank you, Verity. It's always a pleasure to be invited to share Porter's story.

We recently marked the company's fifth birthday, which occurred officially on October 23. This milestone was celebrated by over 1,300 Porter team members—a far cry from the early planning stages when about 20 of us were laying the groundwork for what Porter is today.

In many ways, it's a remarkable story and one that's uniquely Toronto's.

I suppose the first thing that people wonder when there's talk of starting an airline is, "Why would anyone want to do that?"

Airline people are proud to say that their industry is among the most challenging. Bankruptcies, restructurings and cut-throat competition are just part of the daily conversation, but one learns to be nimble and we wear this as a badge of honour.

Often when people leave the airline business for whatever reason, they find that the day-to-day rush is missing. Eventually, they find their way back. As they say, "Jet fuel gets in your veins."

I suppose that I'm not any different in that respect and I'll touch on some family background shortly.

A few things have changed at Porter since our first flight, so today I'll talk about some of the history that has led us to where we are today, some defining aspects of Porter's brand, and generally how we're faring in the market.

A brief summary of what we've achieved to date includes:

- We've raised a total of $159 million in equity since launching in 2006, from partners including EdgeStone Capital, OMERS Strategic Investments, Dancap Private Equity and GE Asset Management.
- Porter is the third-largest scheduled carrier in Canada. We have 26 Bombardier Q400 aircraft serving 18 destinations throughout Eastern Canada and the United States.
- We've carried more than five million passengers in our history, including 2.1 million in 2011 alone.
- A new $50-million terminal at Billy Bishop Toronto City Airport is fully operational.

We've come a long way, but are still pursuing new opportunities for growth.

Now, when you use the phrase "uniquely Toronto," it's tough not to think of raccoons. It's probably no surprise to you that Toronto has been declared the raccoon capital of the world and our Mr. Porter raccoon mascot is just one of them.

He embodies a personality that we've grown into and is an essential part of our brand identity that helps set us apart from the competition. Initially, the choice raised a few eyebrows and was the cause of significant debate among management and around the boardroom table. Some people couldn't get past the association of those mornings when the driveway is full of garbage, because some raccoon had obviously made a meal of it. This probably happened to them one too many times to think people would actually develop some affection for the feisty little character.

Mr. Porter almost didn't survive this initial skepticism, but true to nature, his ingenuity, motivation and persistence, among other skills, have seen him thrive. On this basis, I'd say the choice of a raccoon was ideal and our team members have taken Mr. Porter's example to heart in terms of how they go about their daily jobs.

Given the airline industry's reputation for fierce—even predatory—competition, we don't mind being associated with an animal known to survive and thrive under adverse circumstances.

At the very least, our raccoon mascot leads an interesting life, which makes for a good story—one that actually began some time ago. It was certainly before Mr. Porter was even a twinkle in anyone's eye.

Perhaps I'll start in 1951, in Northern Ontario. That was the year my parents began operating hunting and fishing charter flights from a base in White River, located on the Canadian Pacific main rail line, about halfway between Sudbury and Thunder Bay. The company was naturally called White River Air Services.

Over time, White River Air Services introduced scheduled flights, and acquisitions helped build the airline into Canada's largest regional carrier. It last operated under the Air Ontario banner, which was sold to Air Canada and became the centerpiece for what is now Jazz.

The success of what began in White River was recognized in 2008, when my father was inducted into Canada's Aviation Hall of Fame, recognizing the critical aspect of regional air service in the country's development—particularly in the far North.

My eight siblings and I grew up with planes always being around. Sometimes I wonder if my parents decided to have as many children as they did just so there would be a ready supply of pilots for the business. All of us worked for the company at one point or another, and most of us had pilot licenses as well.

I don't tell you this history simply to be nostalgic, but because it created the possibility and inspiration for an airline like Porter to be born.

This earlier journey also touches down at Billy Bishop Toronto City Airport. As a teenager, I'd ride the streetcar down Bathurst Street from St. Michael's College School to Toronto Island Airport, as it was then known. My mission was to get enough hours for my pilot's license, which I completed in early 1967.

The Island Airport was also the headquarters for Austin Airways, a predecessor to Air Ontario. This personal experience was really the initial spark for realizing that an airline could not only base itself in downtown Toronto, but be a success.

The airport itself has somewhat of a mixed past from a usage perspective. It was developed in the late 1930s as the city's primary airfield. At the same time, a twin terminal was built in the Malton suburbs as the bad weather alternate for the island. This is now the location of Pearson International Airport.

Almost immediately, World War II changed the fate of both airports. The island was used primarily as a training location for the Norwegian Air Force and an aviation hub began developing in Malton to support the war effort.

Pearson's development into the airport that we know today was inevitable given population growth, jet aircraft advances and now commonplace international travel. The island was always intended to be more of a regional airport.

It had its peaks, such as during the 1960s when it was the busiest airport in Canada based on aircraft movements; and in the late '80s when passenger traffic hit 400,000 annually. It never did reach its full potential, though.

The fact that this transportation jewel languished on an island, literally and figuratively, all of those years always baffled me. Why didn't anyone see the potential and help it to flourish?

The truth is that some people did try. City Express, for example, ran out of capital about 20 years ago and shut down in the midst of competitive pressures from Air Canada. In the years that followed, Air Canada itself made a conscious decision to consolidate flights at Pearson. The island suffered all the while.

Our more formal journey to start an airline based at Toronto City Airport dates back about 10 years. Without covering all of that ground, I'll revisit the 2003 Toronto mayoral campaign that elected David Miller to his first term in office. I don't particularly like to dwell on this, but it's a relevant part of Porter's Toronto story.

One of the issues of the day was building a bridge to the airport. The project was approved three times previously by city council, but it was only during this time that it finally began moving ahead with engineering plans in place, contracts awarded, and materials on site.

From our perspective, this improved form of access was required to replace the 1950s-vintage ferries before we would commit to starting a new airline. Those old ferries simply weren't up to the job we had in mind.

As the election went on, it became clear that a general lack of familiarity with the airport was working against us. Many people didn't even know it existed; some thought the bridge would cross the entire inner harbour, rather than an actual, modest 400-foot gap; while others predicted Pearson-like activity would arrive with a bridge. People were willing to assume the worst about something they didn't really understand. In some cases, it was genuine ignorance. In other cases, there was a deliberate attempt to mislead.

Ironically, the airport's own history of being somewhat out of the limelight, helped seal the fate of a bridge that would have been a lifeline. Miller was elected, the bridge was cancelled and we had to regroup.

No one has ownership of irony, though, and this interlude turned out to be a blessing in disguise. It was the first of many obstacles, or speed bumps as we like to call them, which have served to strengthen us. In this case, our business plan was upgraded, an even more experienced management team assembled, and more capital raised than we previously had in place.

Each of these elements changed the face of the airline that exists today in subtle and significant ways. We are certainly better off for it.

Three years after that 2003 election, the Toronto Port Authority had invested in a modern ferry system and Porter was preparing to take flight.

2006 was also an election year, but people had grown weary of doomsday scenarios when it came to the airport. There was no bridge this time and a sense of wanting to see what a new carrier could do now existed.

Today, people better understand the benefits of a successful urban airport. They realize that a rejuvenated airport complements a revitalized waterfront, and they are benefiting from competitive airfares on the routes Porter serves.

We're also anticipating the proposed pedestrian tunnel project that the Port Authority is in the final stages of evaluating, and would be completed in 2014.

Working in conjunction with the existing ferry, which is still necessary for vehicle access and a secondary pedestrian crossing, the tunnel will bring a new level of efficiency to the airport. During peak periods, you will be able to avoid filing into the terminal simultaneously with 200 other passengers, many of whom are looking to check in or drop off a bag. This in itself creates longer lines than would otherwise be the case. The tunnel will help to even out this flow.

A similar effect is anticipated on the mainland side for arrivals. Queues for taxis and shuttle buses will be shorter, and vehicle traffic should be less congested by eliminating the need to accommodate 200 people at once, as has been the case with the ferry.

Over the years, it has been suggested—usually by those with a vested interest—that Porter would do just fine if it moved its operation from Toronto City to Toronto Pearson.

There's no question that Pearson is a very capable airport, but it could not satisfy the Porter value proposition of Speed, Convenience and Service that has come to distinguish us with customers.

We would have been lost in an environment of more than 30 million passengers annually, and the frenetic pace of a large international airport isn't conducive to the short-haul flights in our network.

Particularly in the early days of Porter, when we started with two aircraft and one route to Ottawa, basing ourselves downtown was a point of distinction. We would never have received the general attention or the level of trial from business travellers if we were at Pearson.

The distance from where we are sitting to Toronto City Airport is a shorter distance than is the length of the longest runway at Pearson, which puts the scale and proximity of the two airports into perspective.

Today, we are in a much stronger position. We have 26 aircraft instead of two; we have approximately 20 non-stop routes instead of one; and we have a diversified passenger base that counts as much on leisure travel as on business.

Over the years, we have made important investments to ensure our long-term sustainability. For example, purchasing new aircraft and building airport terminals are things that many airlines wouldn't even consider.

We've strategically invested in our growth since the beginning. From 2008 to 2010, compound annual growth was over 80 per cent. This was quite exceptional, especially at a time when many airlines actually reduced capacity due to economic uncertainty. Even our more recent 20-per-cent growth rate stands out globally.

These heavy upfront investments helped us establish a base at Toronto City Airport that is now paying off. After going through the standard financial auditing process, we expect 2011 to be a profitable year. This is an important turning point for the airline.

High fuel costs and other factors did dampen overall profitability in 2011, but concerted efforts to contain costs and increase revenue had positive results in the end. The year 2012 is projected to be a much better year even though many of the same market challenges remain and we can't take anything for granted.

Today, Porter is synonymous with Toronto. If countries have flag carriers, then Porter carries the flag for our city.

Every new market that we enter comes with a built-in marketing campaign for Toronto. Not only this, but our fleet of Bombardier Q400 aircraft are assembled at Downsview. This directly supports thousands of jobs and acts as a showpiece for Canadian technology.

Porter is equated with Toronto and, just as crucially, with Toronto City Airport. A revitalized airport is a calling card for the city and something we should embrace.

We know that some Torontonians choose vacation spots based on where we fly. Those arriving in town often choose Porter because of the downtown airport.

The more than 1.5 million passengers, who the Port Authority indicates used the airport last year, says it all and is well beyond previous highs.

Porter also prides itself on providing exceptional customer service. Our overall approach is being recognized in many ways, including the most recent Ipsos business travel study.

Eighty-three per cent of passengers report they are extremely satisfied or very satisfied with our service—23-

per-cent better than the next closest carrier. Porter's rating in this category for the last three years is by far the highest that Ipsos has ever seen among airlines covered since the survey began almost 20 years ago.

We were also named business of the year by Tourism Sault Ste. Marie, and received a ranking as second-best small airline in the world by Condé Nast Traveler readers, indicating that our presence is being felt well beyond Toronto.

Today, Porter is flying to 18 destinations in Canada and the U.S. We just started service to Timmins this week, and will arrive in Washington, D.C., in April.

Our fleet of Bombardier Q400 aircraft now stands at 26. This number is likely to grow to 30 or more within a couple of years, providing the ability for us to add new destinations and supplement service on existing routes.

At this stage, we are actually beyond our original 17-city, 20-aircraft business plan. Initially, we focused on point-to-point, year-round destinations within two hours flying time of Toronto.

However, we made strategic decisions along the way to add service in Atlantic Canada and a selection of seasonal markets, such as Mont Tremblant, Myrtle Beach and Burlington, Vermont, all of which are an important part of our identity.

In 2012, we see further opportunities to begin offering vacation packages directly to customers. For example, purchasing your flight, hotel, ground transportation and ski pass, on Porter's Web site or from a travel agent will be possible with one transaction. We're currently discussing options such as this with partners to determine what is feasible.

We also recognize that growth creates some good challenges. When the new Toronto City Airport terminal was completed, it seemed there would be room to grow for many years. Less than 18 months later, the domestic passenger lounge is often at capacity during peak periods.

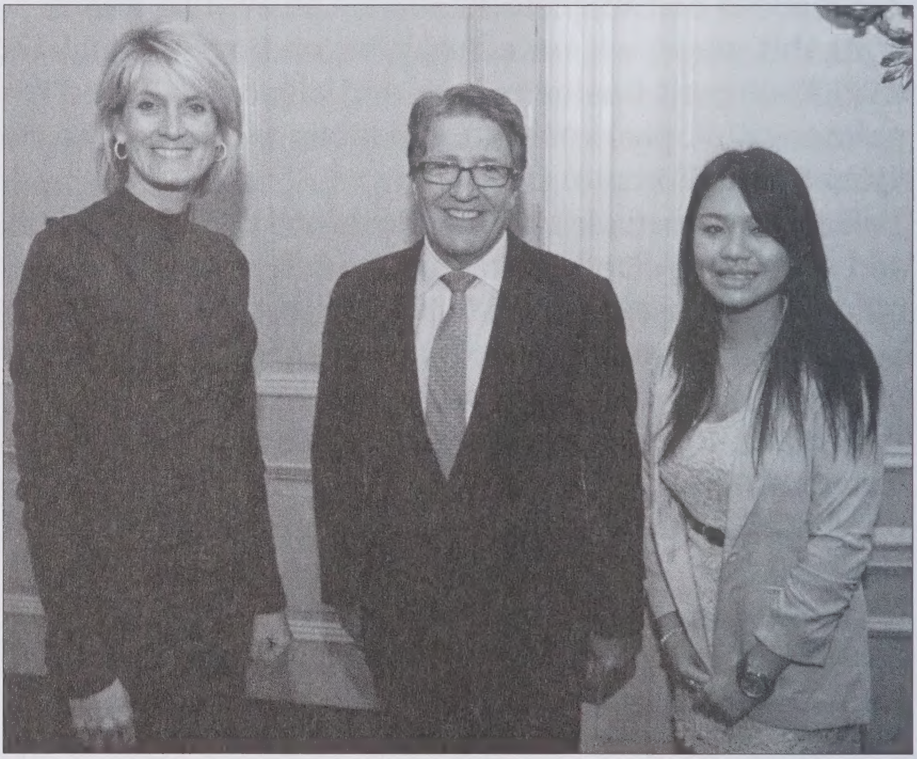
This is good news for the airport, but in order to maintain the distinct passenger experience that people expect, we are considering options to expand and reconfigure the space as early as this year.

I do want to save some time for a few questions, so I'll wrap up the formal presentation now.

We've built a strong foundation in five years with the combination of a unique downtown airport, a dedicated team and loyal passengers. Porter is proud to call Toronto home, and I hope that you're also proud to have Porter as Toronto's hometown airline.

Thank you for your attention.

The appreciation of the meeting was expressed by John West, Managing Partner, Toronto Office, and Senior Partner, Norton Rose.



Verity Craig, President, The Empire Club of Canada, Robert Deluce, President and CEO, Porter Airlines, and our student head-table guest Michelle Ho of Harbord Collegiate Institute.

January 26, 2012

The Hon. Tony Clement

President of the Treasury Board and Minister responsible for FedNor

JOB CREATION AND ECONOMIC GROWTH IN A TIME OF GLOBAL FINANCIAL INSECURITY

Chairman: **Verity Craig**
President, The Empire Club of Canada

Head Table Guests

Robin Sears, Senior Partner, Navigator Ltd., and First Vice-President, The Empire Club of Canada; The Hon. Linda Frum, The Senate of Canada; Rev. Don Aitchison; Capt. The Reverend Don McLean Aitchison UE, Chaplain, Trinity College School; Sean Osmar, Press Secretary; Anthony Lacavera, Chairman and CEO, Globalive Holdings and WIND Mobile; Beverly Brooks, Manager, Corporate Communications, NATIONAL Public Relations, and Director, The Empire Club of Canada; Monte McNaughton, MPP for Lambton-Kent-Middlesex, and Member of the Provincial Conservative Job Creation Task Force; and Tenzin Khangsar, Chief of Staff.

Introduction by Verity Craig

Mr. Clement's rich history of serving the people of Ontario and Canada spans over three decades. During his eight years as an Ontario MPP, he held prominent cabinet positions in the Ontario government, including Minister of Health and Minister of Industry. Who can forget his tremendous involvement with the outbreak of SARS in Ontario and his alignment with the World Health Organization for the invisible enemy.

On May 2, 2011, Mr. Clement was re-elected for a third consecutive time. Shortly after his re-election, Mr. Clement was asked by the Prime Minister to take on the responsibilities of President of the Treasury Board. Mr. Clement is leading the development and implementation of a cross-government spending review and the commitment outlined in the 2011 budget to reduce government spending by over $4 billion by 2015.

Mr. Clement also has the special responsibility of Minister for FedNor, the federal economic development agency for Northern Ontario.

Within the federal government, he has chaired five different committees of cabinet and serves on the priorities and planning committee, chaired by the Prime Minister.

During his private-sector career, Mr. Clement has been a lawyer, a business board member and a small business owner. Mr. Clement is passionate about his family, his community, and Canada.

Ladies and gentlemen, from what I understand, we may be seeing a slight career change for Mr. Clement now that he has found such passion for mastering the rock guitar.

Please join me in welcoming the Honourable Tony Clement.

Tony Clement

Introduction

Distinguished guests, ladies and gentlemen, it's a pleasure to be here.

First, let me thank you for inviting me to speak to you today. I am honoured.

This club has a long history of hosting domestic and foreign speakers with insights relating to politics, business and societal issues. In this place Sir Winston Churchill spoke to the Empire Club on May 15, 1941, on issues central to the future of civilization. In that speech Mr Churchill said, in part: "We have enormous difficulties. We have immense and intricate problems. But we are facing our difficulties, we are driving through our problems."

Wise words for 2011 as in 1941!

Incidentally, our own Canadian prime ministers, and not a few aspirants, explained their views, plans and actions at Empire Club events over the years. Sometimes successfully!

On a personal note, with the movie "The Iron Lady" in theatres, I can't help but recall the occasion when Margaret Thatcher spoke here. I was here too, in the audience, near the back wall. It was exciting just to be in the same room.

And so, while I cannot compare myself to these historic figures, I am truly flattered to be invited to share my thoughts on the nation's business.

I'm also honoured to speak to this organization for another reason: for 109 years, it has proudly defended and promoted the best values of Canada and the world.

These values have endured because of the leadership that organizations like yours have shown in keeping the light burning.

Speaking of historical context, as we enter 2012, Canada and the Canadian government will mark the 200th anniversary of the outbreak of the War of 1812. The War of 1812 was a defining chapter in the history of our nation. Canada, or what would become Canada, was under threat of invasion by a powerful foreign army. It took the combined efforts of English and French-speaking militias, as well as Aboriginal Canadians, together with British military forces, to succeed in defeating the American invasion.

From the perspective of 200 years on, we can see Canada would not exist had the American invasion not been repelled.

Had the war ended differently, Quebec's French-speaking identity would not exist, and the history of our Aboriginal peoples would have been profoundly altered for the worst.

That struggle also laid the cornerstones of many of our political institutions and the foundation for Confederation.

Those who defended our country and its values in a time of crisis, and their heroic efforts, tell the story of the Canada we know today—an independent and free country in a constitutional monarchy with its own parliamentary system.

And by the way, the conflict did not end in a tie!

A leading American historian at Johns Hopkins University has finally admitted the truth—Canada won the War of 1812, decisively!

The year after that struggle came to a close, another Canadian hero was born—the great architect and visionary of the Canadian nation, Sir John A. Macdonald.

"We are a great country," he said, and "we shall become one of the greatest in the universe if we preserve it; we shall sink into insignificance and adversity if we suffer it to be broken."

Sir John A. saw clearly the road ahead. And he formed this country with the best and emerging values of enlightened citizens within the Empire in mind—freedom, peace, justice and the equality of people.

Over the years, those values have asserted themselves in Canadians in times of crisis. We see them in our sacrifices at Vimy, Ypres and Paschendale, in Normandy, Korea and Afghanistan. And we see them in our compassion and aid for the victims of earthquakes, tsunamis and disasters in foreign lands.

Canada has come a long way in 200 years. We have grown and evolved into one of the most successful countries in the world. It has lived up to the promise that encouraged my parents to decide to seek their lives here with me, their four-year-old son, by their side.

That promise is embodied in the values that I learned at an early age: hard work, tenacity, and a constant optimism that a great land like Canada always instils. I am like many immigrants before and after me: I believe that Canada's best days are ahead and that our greatness to do good things is limitless.

When British Prime Minister David Cameron visited Canada last September, he saluted Canada's leadership at the start of this new century.

In a speech to Parliament, he suggested Canada had everything it needed to succeed, and passed the torch.

He noted our leadership in two areas vital to success in the 21st century—innovation and education. "From Blackberry to Canadarm," he said, "yours is a home of innovation and technology. "

He also congratulated Canada on its diversity, saying the way we had "integrated people from many different backgrounds into a mature democracy is a model from which we can all learn."

And the British Prime Minister is not the only one who believes in Canada these days.

Our economic leadership during the global economic crisis of 2008 has been recognized around the world.

Last year, both the IMF and OECD forecasted we would have among the strongest economic growth in the G-7 in 2011, and again this year.

And for the fourth year in a row, the World Economic Forum rated the Canada's banking system as the world's soundest.

In addition, three credit rating agencies—Moody's, Fitch and Standard and Poor's—have reaffirmed their top investment-grade AAA ratings for Canada.

And Forbes magazine recently ranked Canada the world's best place to do business. (Forbes, October 3, 2011).

So by any standard, Canada has weathered the global economic crisis and ongoing financial uncertainty well, particularly when compared to most other developed nations.

Since introducing Canada's Economic Action Plan in response to the economic downturn of 2008, we have recovered more than all of the output during the recession.

Our economic fundamentals remain strong in other ways: 600,000 more Canadians are working today than when the recession ended, resulting in the strongest rate of employment growth by far among G-7 countries. That's 600,000 more of our friends, neighbours and family members able to provide and even thrive. Perhaps in this very room, there are those who have started a new job in 2011, and can look to the future with more hope.

But our country is not out of the woods yet.

As we emerge from the worst recession since the Great Depression, we know that some Canadian families are worried about their jobs and their financial security.

While we understand that our role as government is to help create the conditions in which Canadians can succeed, we also believe that it is ultimately the ingenuity and the determination of Canadians that will be the driving force behind long-term economic growth and jobs.

So, in the time I have remaining, I would like to tell you about the things that I am involved in in my role as Treasury Board President that can help make that happen.

I'll mention just three.

The first is reducing the deficit and balancing the budget over the medium term.

The second is freeing businesses to grow by cutting red tape that can stifle productivity.

And the third is creating opportunity through our move to Open Government.

Reducing the Deficit

Throughout our history, Canadians and their governments have learned valuable lessons from economic cycles. While stimulus measures are sometimes needed in particular situations, the laws of Newtonian physics also apply to countries' economic health and welfare: government overspending with no plan to balance leads to declining growth, higher taxes and ultimately jobs lost to more competitive jurisdictions.

Today, most Canadians understand the necessity of reducing the deficit and returning to fiscal balance in the medium term, finding savings within government spending, and taking targeted actions when necessary to support the recovery.

This is our balanced approach that will boost our efforts to achieve a sustainable and prosperous recovery, and preserve our Canadian economic advantage now and in the future. Canadians understand this. And in last May's federal election, we received a strong mandate to eliminate the deficit, keep taxes low, and continue creating jobs for Canadians.

In the 2011 budget that followed, we announced our plan to return to a balanced budget while keeping taxes low.

Building on previous efforts to reduce government spending, we launched our deficit-reduction initiative.

As part of this initiative, I have led a Cabinet Committee to review the plans of federal departments and agencies to achieve savings of between 5 and 10 per cent in their program budgets; in other words reductions of anywhere between $4 billion and $8 billion.

My committee has been working around the clock, reviewing individual proposals. After appropriate deliberations by cabinet and caucus, the results of our efforts will be found in budget 2012.

But this review is about more than finding savings. It is also about modernizing government.

It's about retooling for the future—and providing the right programs and services at the right cost. Done well, these changes promise vital services will be available to those who need them in a sustainable and efficient way.

Sustainable services by a right-sized public service should be uncontroversial goals. Unfortunately, public-sector union bosses, working hand-in-glove with the NDP Opposition, only want to perpetuate the status quo. Their only solutions seem to be hire more, tax more, spend more.

Ladies and gentlemen, this is both irresponsible and unsustainable. This stand pat approach by the unions and the NDP will actually translate into mediocre public services, at high cost, to a frustrated public. Suffice to say, I will resist their non-solutions, even as they continue their attacks and well-funded campaigns of resistance. I do so for one reason only: it is the national interest that is served by governments spending within their means and striving for excellence.

Freeing Business To Succeed

But as a country, we need to come at the challenge of creating economic growth and jobs in Canada from several different angles.

That's why, in addition to getting our fiscal house in order, we are making sure the people, businesses, and communities in Canada have the tools they need to succeed.

That brings me to our second key initiative—cutting government red tape to free businesses to grow. We believe red tape impedes economic productivity by taking up precious time and resources, and curbs the entrepreneurial spirit. Cutting red tape helps business focus on what they do best: sustain the economic recovery by creating jobs and generating wealth.

It also spurs innovation by leaving a clear regulatory picture for entrepreneurs, and a marketplace that is easier to understand.

Prime Minister Harper set out to realize all these benefits when he set up the Red Tape Reduction Commission last winter.

This commission issued its final report earlier this month.

And as a sign of our commitment, I recently announced that we are taking action to implement a "One-for-One" Rule to control administrative burden on business. This means that new regulations will be offset by getting old red tape off the books and out of the hair of our businesses. It is a good example of applying a "small business lens" to how we operate government.

This work is just one more example of how we are helping businesses grow and invest for the future.

Open Government

The third initiative I'd like to mention is Open Government.

Open Government allows Canadians to not only learn about, and participate in, government, but also to create new products using government data and information.

Last spring we launched this initiative through three main streams. Open Data, which is about offering Canadians government data in a more useful format to reuse in innovative ways. Open Information, which is about proactively releasing information, including information on government activities, to Canadians on an ongoing basis. And Open Dialogue, which is about giving Canadians a stronger say in government policies and priorities, and using Web 2.0 technologies to expand citizen engagement with government.

By tapping into the ideas and talents of our citizens, I believe we can be more responsive to meeting their needs.

In fact, earlier this winter, I held an Open Government on-line consultation, and Canadians gave us some great suggestions.

Open Government will strengthen transparency and accountability in government, and is essential to our nation's economic success and innovation. I'm a true believer in this, so expect more to come.

Conclusion

Let me conclude my remarks today with one final observation about our need for continued economic growth and jobs in these challenging times.

Over the years, Canadians have learned that chronic deficits are a mortgage on our future. Chronic deficits create higher taxes, less opportunity and less freedom for our children and our grandchildren. Ultimately, they squander the opportunities that have been bestowed upon us in this blessed and special land. That's why we must stick with our low-tax plan for jobs and growth—a plan that has been working and has already served Canadians well.

I believe Canadians can overcome any challenge. We always have—as long as we never lose faith in ourselves.

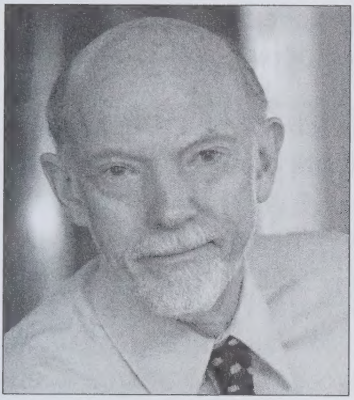
As Winston Churchill said when he addressed our Parliament during the bleakest days of the Second World War, "We have not journeyed all this way across the mountains, across the Prairies, across the centuries, because we're made of sugar candy!"

Freedom, hard work and sacrifice have got us to where we are today. And leadership, fiscal prudence, and helping Canadians achieve their dreams will take care of tomorrow.

It's not always easy, but as history shows, it is what we can and must do. And the benefits for us and for future generations will be immeasurable.

Thank you.

The appreciation of the meeting was expressed by Robin Sears, Senior Partner, Navigator Ltd., and First Vice-President, The Empire Club of Canada.



February 15, 2012

George Perlin

Director of the Centre on Democracy and Diversity at Queen's University

INTERNATIONAL SUPPORT FOR DEMOCRATIC DEVELOPMENT: CANADA'S PLACE IN A PROBLEMATIC ENTERPRISE

Chairman: **Verity Craig**
President, The Empire Club of Canada

Head Table Guests

John Koopman, Partner, Spencer Stuart, and Director, The Empire Club of Canada; Jessie Cook, Student, Crestwood Preparatory College; Rev. Chris Miller, Reverend, Oriole-York Mills United Church; Sander Grieve, Partner, Fraser Milner Casgrain LLP; George Cooke, President and CEO, The Dominion of Canada General Insurance Company; Anetta Jewell, Partner, Great Lakes Brewery, and Director, The Empire Club of Canada; Paul Grod, President, Ukrainian Canadian Congress; and Frank McKenna, Deputy Chair, TD Bank Group.

Introduction by Verity Craig

For centuries man has struggled with three great conundrums: What is truth, what is beauty and what is democracy. It is my delight and pleasure to introduce our keynote speaker for this afternoon Mr. George Perlin, Director of the Centre of Democracy and Diversity at Queen's University.

From 1966 to 2003, Mr. Perlin was a member of the Department of Political Studies at Queen's, where he taught courses on Canadian and comparative politics.

In 1994 he established the Centre for the Study of Democracy at Queen's to encourage research and education about democracy.

Mr. Perlin is among a group of international researchers who question the effectiveness of democracy assistance programs, despite the annual spending which now exceeds US$8 billion. Many states receiving assistance have failed to consolidate reform or reverted to authoritarianism.

Mr. Perlin's views of policy have been influenced by his experience as a practitioner in the delivery of democracy assistance. As Director of a CIDA-funded project, he has helped Ukrainian educators establish a comprehensive program in the study of democracy in that country's universities, technical colleges, and high schools.

Mr. Perlin is passionate about Canada's role in facilitating international democratic reform. He disputes that Canada is strategically positioned to assume international leadership in bringing about the changes needed to improve the effectiveness of democracy assistance policies.

Ladies and gentlemen, please join me in welcoming Mr. George Perlin.

George Perlin

Support to democratic development has been one of the pillars of foreign policy in the advanced democracies in the post-Cold War era. The establishment of democratic governments under the rule of law has been seen as an instrument for:

- achieving stable governance in fragile and failed states;
- creating a secure political environment conducive to trade and investment;
- establishing conditions to help achieve economic development in the world's poorer nations; and
- the general promotion of global peace.

Over the past two decades annual spending by international programs providing support to democratic development has grown to an estimated US$8 billion.

Faltering Initiatives in Democratic Reform

Despite this substantial investment there is growing concern among researchers and political commentators about regressing or failed initiatives in democratic reform. Many states thought to be on the road to democratic development have made little progress or reverted to authoritarianism.

The incomplete nature of these initiatives was captured by Thomas Friedman in a recent column about Russia in the New York Times. Under Vladimir Putin's leadership, he wrote,

> Russia "has become a 'sort-of-but-not-really-country.'
>
> "Russia today is sort of a democracy, but not really.
>
> "It's sort of a free market, but not really.
>
> "It's sort of got the rule of law to protect businesses, but not really.
>
> It has sort of a free press, but not really..."

Friedman's analysis is widely applicable. There are many countries, which have adopted some of the forms of democratic development, but not its substance. To take another example: in neighbouring Ukraine, democratic development has been tempered by increasingly regressive elements since the election of Viktor Yanukovych as president in 2010. Symbolically, this is best reflected in the fact that Yulia Tymoshenko, the former prime minister, who ran against Yanukovych, has been convicted and imprisoned for a policy decision of her government. The law under which she was convicted is a legacy of the Soviet Union, turning into a crime what established democracies define as a matter of political accountability.

In summing up the deteriorating state of global democracy in 2011 the American NGO Freedom House reported that since 2006 there have been declines in 36 countries on a "checklist of political rights indicators" and in 77 countries on indicators for civil liberties.

Questions about the Effectiveness of Assistance

Most of these countries have received some form of international assistance to support democratic development. For this reason many policy analysts have raised questions about the effectiveness of assistance. In reviewing what they say and reflecting on my own experience, I've come to the conclusion that the international community's support to democratic reform is a deeply troubled enterprise.

(1) A major source of criticism arises from the way in which the expansion of assistance has occurred.

Counting multiple agencies within the governments of individual donor countries, multi-laterals, and privately-funded foundations, the democracy promotion community has grown into a complex array of largely unconnected entities, with separate administrative structures and separate programs.

Every year these actors disburse funds through hundreds of individual projects and grants. Decisions about their allocation within particular countries are made discretely by donors on a project-by-project basis, with little or no regard for the coordination of their activities with other donors.

The multiplicity of sources of funding and lack of effective coordination among them results in unnecessary duplication of activities, wasteful allocation of resources and the neglect of significant needs.

(2) Democratic development is a complex and multi-dimensional process that is not well understood.

It involves not just institutions and processes of democratic governance but institutions and processes to protect civil and political rights and enforce the rule of law. And it requires, among other things, a system of political communication that provides for free political discourse, the commitment of elites and citizens to a democratic political culture, a broadly-based and active civil society, and a market-based economy. These are inter-dependent elements that need to be seen in their relationships with one another. And the nature of those relationships is likely to vary with the distinctive circumstances and conditions of individual countries where reform is to be supported.

But there is no agreed framework for doing needs assessments in specific countries and programming decisions are made without reference to any overarching conception of how best to achieve reform.

(3) A further problem is created by the fact that donors don't take sufficient account of how long it takes to give effect to the kind of broad and deep changes in institutions, processes, and attitudes that are required to bring about enduring reform.

Practitioners and donors tend to treat projects as one-off activities and rarely pay attention to strategies for sustaining their activity. As a result the potential long-term benefits of many projects are never realized.

(4) Yet another problem is created by the fact that donors don't have analytical tools to provide for effective evaluation of the impact of the projects they support.

The need for better information about the effectiveness of assistance has become a major concern. There are two consequences:

First, there is a broad consensus that, as a recent study of USAID projects observed, we know very little about whether democracy assistance programs achieve their goals.

Second, there is no accumulated body of lessons learned about the effectiveness of particular forms of assistance. Donors and practitioners need to know what works and what doesn't work. There is a vital need to consolidate knowledge about lessons learned—about the effectiveness of particular kinds of assistance and about best practices for the delivery of this kind of assistance.

(5) Two final comments arise from the problems I've already outlined.

One is that practitioners don't have agreed protocols to guide them in their work. As a group of researchers at Stanford University observed:

"Every day, literally tens of thousands of people in the democracy promotion business go to work without training manuals or blueprints or simply well-constructed case studies in hand. Published case studies of previous successes are hard to find in the public domain, which means that democracy assistance efforts are often reinventing the wheel or making it up as they go along as was on vivid display in both Afghanistan and Iraq. Even basic educational materials for students seeking to specialize in democracy promotion do not yet exist.

The second comment is that there is no program of professional training to equip program administrators and practitioners for work in this field. In part this is because, as the researchers at Stanford pointed out, we don't have the kinds of educational resources needed to support a program of this kind. And behind that deficiency is the lack of a consolidated body of knowledge about lessons learned.

A Role for Canada

The problems with current policy and the current state of practice can only be solved through a collective international effort. What is needed is leadership in recognizing and addressing them. This is an important role that Canada can assume.

We can do this, first, by undertaking comprehensive assessments of the condition of democracy in countries where we propose to provide assistance. These would serve a number of purposes:

- They could be used for strategic planning both by internal actors and donors;
- They could help donors make decisions about where their interventions may be most helpful;
- They could provide benchmarks for donors to use in monitoring and evaluating the impact of their activities;
- The knowledge they generate would provide a more realistic and inclusive understanding of the current challenges facing democracy promotion;
- They would provide a framework to encourage donor cooperation.

Second, we can establish an international database of programs and projects that could be used by donors and practitioners to facilitate coordination of their activities.

Third, we can establish a data base of lessons learned that could be used to develop protocols and indicators to assist practitioners in their work in the field.

Finally, we can establish a professional training program for program administrators and practitioners in the delivery of democracy assistance.

The appreciation of the meeting was expressed by George Cooke, President and CEO, The Dominion of Canada General Insurance Company.

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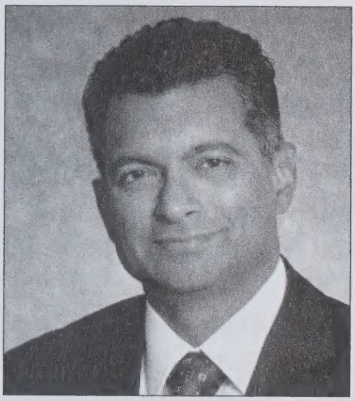
Dr. George Perlin, Director of the Centre on Democracy and Diversity at Queen's University, and his head table during his address.

Dr. George Perlin, Director of the Centre on Democracy and Diversity at Queen's University and his head table assembled.



February 23, 2012

Nitin Kawale

President, Cisco Systems Canada Company

WORLD IN TRANSFORMATION: A TIME OF PERIL OR OPPORTUNITY

Chairman: **Verity Craig**
President, The Empire Club of Canada

Head Table Guests

Cam di Prata, Executive Vice-President and Group Head of Corporate and Investment Banking, National Bank Financial, and Director, The Empire Club of Canada; Robert Young, Student, Rosedale Heights School of the Arts; Rev. Canon Kim Beard, Incumbent at St. Paul's on the Hill Anglican Church; Willa Black, Vice-President, Corporate Affairs, Cisco Systems Canada Company; Ted Tomkowiak, Senior Vice-President, Royal Bank of Canada; Clara Angotti, President, Next Pathway Inc.; John Walker, President, Transition Plus, and Director, The Empire Club of Canada; Paul Zed, Chairman of the President's Advisory Council, Cisco Systems Canada Co, and Former MP, House of Commons; Mahmood Nanji, Assistant Deputy Minister, Economic Development Division, Ministry of Economic Development and Innovation; and Sandra Pupatello, Director, Business Development and Global Markets PWC, and Former Minister of Economic Development and Trade.

Introduction by Verity Craig

It is my delight and pleasure to introduce Nitin Kawale, President of Cisco Canada and a leader in the Canadian technology field. As President, Nitin is responsible for the ongoing success of Cisco Canada and is doing a remarkable job. The company's Canadian operations are the third-largest contributor to the company's revenues—quite an achievement for a country that ranks far from third in population or economy size.

Joining Cisco Canada in 1995 from earlier roles at major technology and telecom companies, Nitin's career at Cisco Canada has included two international roles, focused on worldwide sales, strategy and planning. Prior to being named President in 2008, Nitin was Senior Vice-President of Enterprise and Public Sector Operations, where he aligned engineering, service, sales, marketing and operations to streamline Cisco's customer experience. He launched his technology career by gaining a bachelor of applied science degree in engineering science from the University of Toronto.

Selected as 2011 Corporate Executive of the Year by the Indo-Canada Chamber of Commerce, a member of the Canadian Council of Chief Executives, on the Board for Holland Bloorview Kids Rehabilitation Hospital Foundation, and a sponsor and member of the panel for 25 transformational Canadians, Nitin is a frequent speaker on issues of importance to the Canadian economy. He has consulted at all levels of the Canadian government on technology issues and speaks passionately about Canada and the need for innovation and productivity.

Nitin, I recently read an article in the newspaper that you are a reverse mentoring student, learning the ins and outs of social media from one of your younger business managers. I hope that you had a chance to twitter or blog your upcoming speech at the Empire Club.

Ladies and gentlemen, please join me in welcoming Nitin Kawale.

Nitin Kawale

Good afternoon. It's a pleasure to speak with you. Thank you so much for inviting me. And, thank you, Verity for the kind introduction.

Canada's Productivity and Innovation Problem

There is no denying that we are living in a world that is transforming. The global economy is going through a dramatic transition. Times of transitions are the greatest opportunity to improve your position or also a time where you can lose ground. But the time to act is in a time of transition.

As Canadians, we need to ask ourselves whether this is a time of peril or opportunity.

In this emerging new world, innovation and productivity are crucial.

But Canada is in trouble. We've lagged in productivity and innovation for too many years. We've stagnated. Canada ranks fifteenth in the world in productivity and innovation. We've been surpassed by Germany and South Korea. Canada ranks eighteenth in our ability to use technology for business benefit.

Canada is now a mid-level player in the global innovation race. We've studied to death these problems. The time for study is over. We need to take action. As Canadians we have some work to do.

The good news is that Prime Minister Stephen Harper announced at Davos that innovation and productivity is a top priority for our national agenda.

Why is Productivity so Important to Canada?

As you know productivity impacts our standard of living. Canada today enjoys a terrific standard of living. But what about the future?

My parents came to Canada in the late '60s from India to find a better life. They were hard-working, strived to succeed and ultimately thrived. They created a better life for my two brothers and me.

But what about the future of our children and grandchildren? I wonder what kind of Canada awaits my three boys.

Canada's annual productivity growth has averaged less than 1 per cent over the past 10 years. At that rate our standard of living would take 72 years to double. That's just not good enough. You'll have great grandchildren by then.

You must realize there are countries currently growing productivity at double-digits as we speak. Productivity growth matters. Improving productivity puts money in everyone's pocket.

If Canada's productivity had during the past 20 years kept pace with the U.S., disposable incomes would be greater by $7,500 today for the average Canadian. Corporate profits would be 40-per-cent higher. And the federal government would have generated 31 per cent more in revenue.

People are NOT the Problem

Productivity is not a Canadian worker problem. I know this for a fact and I will borrow an example from my company.

Today Canada is the second-largest Cisco operation inside Cisco topped only by the U.S. Last quarter, Cisco Canada grew by 29 per cent. Each year we hold ourselves to a goal of achieving 15-per-cent annual productivity growth. We do it year in and year out with Canadian workers.

People are Ready; Canadian Organizations are Not

Canadians are a major part of the connected world in their consumer lives. This needs to happen in business, too.

Considering Canadians, 70 per cent use social media, LinkedIn has more than two million Canadian members, 16 million Canadians are on Facebook, and 47 per cent use Twitter.

People are very productive in their personal lives. If we let them do in their professional lives what they do in their personal lives, Canadian organizations would be a lot more productive. Canadians want and need to work this way, but our businesses won't make the investments and business-process changes to enable this productivity.

The Next Generation

The next generation of workers will expect to work the way they live. Baby boomers are retiring and the next generation is critical. Today more than 50 per cent of the world is under 30 years old. Young people think and act differently. A Cisco survey shows a third of respondents aged 18 to 29 say the Internet is as important as water, food, air and shelter. And get this—64 per cent of students prefer the Internet over a car.

Can you believe that? I sure hope my boys are in this camp. It will be a lot cheaper for me.

And to our students' table, I'll bet your parents will be thrilled about that, too!

Empowering the Future

To empower the next generation we need to let go of the old notions of work. Nine-to-five workdays are over. We need to focus on what employees produce and how productive they are—not the hours they work. Bringing talent to a single location is over. We need to be mobile and work remotely anytime, anywhere on any device.

Work-life balance is not the issue. It's work-life blending.

And what do I mean?

Consider your mobile device; we all have them. We continually switch back and forth as consumers and professionals throughout the day. You need to help employees work this way. At Cisco, almost 50 per cent of our work is done offsite and off hours. If my wife and I want to watch our sons play soccer in the afternoon, we can do that. I can continue working later in the day. It's about productivity, not the hours I keep.

The Future of Work is Different from Today

Technology is having a huge impact.

Here are three important trends.

1. Mobility—High-speed access to all devices and the wide spread use of tablets and smart phones is dri-

ving incredible data traffic. Mobile data will grow 18-fold in five years. That's 11.6 billion gigabytes per month or the equivalent of 33 billion DVDs each year. We now have the ability to work anytime, anywhere, on any device, with any content.

2. Cloud—It is the great computing equalizer. Think about Cloud as buying any computing or applications on a pay-as-you-go basis. Cloud is to computing what the power grid is to electricity.
3. Video communications—That's a game changer. Video communication is exploding today. It is changing how we interact with customers, partners and each other.

Let me share two quick examples:

First, a group of us had an opportunity to participate in a budget consultation meeting in four government locations across Canada with Finance Minister Jim Flaherty. To do this we used Telepresence technology. As a taxpayer you'll be pleased to know we saved a whole lot of our money. It was an eye-opening event.

Second, the Bank of Montreal is the first bank in the world to use Telepresence in its branches. Through Telepresence the bank can spread its expertise everywhere without having to have live experts, for example in wills and estate planning, in every branch.

These are great examples of driving process change and productivity. We need more of them and we can't get there without innovation.

Let's Talk about Innovation

Where does innovation come from? Innovation is not something magical. It's every day. Do we send our best and brightest off site and hope they come back with innovation? I don't think so.

Innovation comes from the people around us—your employees, customers, and partners. These are the people who see the problems every day and understand the solutions.

Ask yourself whether you are plugged into these sources of innovation. To do so you need to help increase their productivity so that they have the time, and you need to give them the tools to collaborate. Deliver this and I guarantee innovation will follow.

What do we Need to do to Impact Innovation in Canada?

We all need to do our part—small, medium and large businesses and public services. We need to impact all of these sectors.

Most big businesses are focused on innovation and productivity, but haven't produced the results they wanted. Small and medium business account for more than 98 per cent of all companies and over 60 per cent of employment. All are fiercely competing and innovation and productivity doesn't make it to the top of their agenda.

Public services are faced with deep budget cuts and demographic challenges. They have no choice but to look to innovation and productivity to gain the improvements they need.

Innovation and Research and Development are Related

Innovation goes to an even greater level with research and development. The federal government spends billions trying to support innovation but total research and development spending by companies continues to decline. We need to find better ways of spending research and development dollars.

One more point: All Canadian governments need to attract multinational research and development into Canada. The more the world changes, the better Canada looks. If we could attract multinational research and development, it would improve innovation in Canada and create great jobs. Multinationals have the whole world from which to choose. But Canada has a lot to offer them.

I've lived through this in bringing research and development jobs to Cisco Canada. Last year we announced an agreement with Premier McGuinty to create 300 R&D jobs in Ontario, which former minister Sandra Pupatello helped to spearhead. Thank you, Sandra. We both know it's just the beginning.

Cisco Canada wants to play a positive role in impacting innovation and productivity in Canada. We work with universities across the country setting up research chairs and innovation centres in areas like health care and education. These are areas that matter to the universities, to Cisco and to all Canadians. That's linked prosperity.

Linked Prosperity

That's the bigger picture. Business and government need to build a shared vision for innovation and productivity. We need to marry innovation in the business sector with government support in order to drive a national solution. It's a matter of identifying business and government priorities, building timelines and metrics, and developing powerful partnerships to execute on them.

Conclusion

It all sounds daunting but we all can do our part. Here's what you can do starting today. Change the way you think about work. The future is about productivity not the nine-to-five mentality. Think innovation not location. Everyone doesn't need to be in the same place. Think work-life blending rather than work-life balance. Change your thinking about work. Have the courage to deconstruct and reconstruct business processes, using the technology that's available today. Start now to build a culture of innovation in your organizations. And here's how:

Disrupt, take risks. Try something new.

Start Small. Look to solve an immediate pain point. Don't change the entire organization in one day. Change one thing, make it successful and set the tone for moving forward. We introduced TP to reduce travel but here's what also happened. It revolutionized the way we worked.

But whatever you do it needs to be part of a vision you've developed and make innovation a process.

Governance and execution needs to be behind your vision. Lead and others will follow. This is a top-down effort. Believe with passion. Excitement breeds excitement.

So let me wrap up.

I asked the question earlier whether this is a time of peril or opportunity.

It's been said: "Pessimists are usually right and optimists are usually wrong, but all the great changes have been accomplished by optimists."

We need to be optimistic.

We need to decide whether to keep measuring productivity through the prism—and prison—of a nine-to-five mentality.

We need to decide and to do as a nation what it takes to embrace innovation, to seek work-life blending and not just work-life balance and to understand that technology alone will not take us where we—as a nation—need to go.

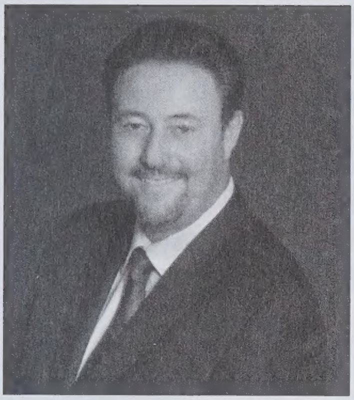
We need, what I call, "management courage" to truly build a strong economy now and into the future.

Ladies and gentlemen, the good news is we have the people and we have the technology. All we need is the moxie, the will, the desire, and yes, the courage to do what needs to be done.

Thank you very much.

The appreciation of the meeting was expressed by Clara Angotti, President, Next Pathway Inc.

The assembled head table, looking regal, prior to the Nitin Kawale luncheon.



March 1, 2012

Paul Cooper

Country Manager, Dell Canada

INNOVATION IN THE VIRTUAL ERA

Chairman: **Robin Sears**
First Vice-President,
The Empire Club of Canada

Head Table Guests

Lou Natale, Managing Director, NBV Group, and Director, The Empire Club of Canada; Nidhi Dave, Student, North Albion Collegiate Institute; Rev. Perry, Owner and Vice-President, Mr. Discount Ltd., and Director, The Empire Club of Canada; David Miketinac, Vice-President and Managing Director, Small Medium Business, Dell Canada; David Gordon, Managing Partner, Cohn & Wolfe; Beverly Brooks, Manager, Corporate Communications, NATIONAL Public Relations, and Director, The Empire Club of Canada; Karna Gupta, President and CEO, Information Technology Association of Canada; and Deputy Minister Wendy Tilford.

Introduction by Robin Sears

It is my delight and pleasure to introduce Paul Cooper, Country Manager of Dell Canada.

Paul Cooper serves as the Country Manager for Dell Canada in addition to his role as Vice-President and General Manager for the Public and Large Enterprise (PLE) business groups. With responsibility for all aspects of Dell Canada's sales and operational activities in the public and large enterprise market segments, he leads a team charged with the delivery of customized product and service offerings to help Canadian PLE organizations realize their potential in the Canadian and global marketplace. Paul's involvement with key stakeholder groups affords him keen insight into Canada's IT environments and trends. He is a member of the board of ITAC and Chair of the ITAC Ontario Board. He serves as well as a board member for the Canadian Aboriginal and Minority Supplier Council.

Prior to joining Dell Canada in July 2001, Mr. Cooper served in various executive positions with several IT companies including GE Capital IT Solutions (1988-2001), where he was Executive Vice-President in the Services Division, Enterprise Technology Division and Financial Services Division. In these varied roles Mr. Cooper was responsible for the sales and delivery of solutions, which encompassed client, server, storage and networking technology.

Mr. Cooper is a Six Sigma Greenbelt and has defined strategy, reorganized and revitalized organizations with his process-oriented approach, team building, and communication and coaching skills.

Ladies and gentlemen, please join me in welcoming Paul Cooper.

Paul Cooper

Good afternoon ladies and gentlemen, members of the head table, chairman, president, and honourable guests, thank you for joining us today at the Empire Club.

It is with great honour and privilege that I share this podium today and thank you all for attending.

While I focus our conversation today on innovation, I wanted to briefly look at the past and pay tribute to the legacy of creative thought leadership the Empire Club has contributed over the past 100 years.

Since established in 1903 it has provided a forum to political leaders and business professionals alike, whose forward thinking has helped shape and promote public policy in Canada.

Deeply rooted in the promotion of forward thinking, the Empire Club is truly a pioneer for innovation.

But what is innovation and what does it mean? As we move forward into the 21st century, we take for granted some of the most innovative thinking that has occurred over the past century.

The most pervasive example and widely known is the famous adage from Henry Ford, "If I had asked people what they wanted, they would have said a faster horse." This statement, often quoted, has been interpreted in many different ways.

While there are various definitions on innovation, the term itself has also become somewhat overused. One must first understand its meaning in order to benefit from the value it comes to bear.

By common definition, innovation is the process that takes new ideas and implements them in a way that creates value in solving unmet needs. Was Henry Ford deliberately ignoring the wants and desires of his customers or was it through innovative thinking that he saw an opportunity for a better way of doing things?

Most equate innovation with R&D and the development of new products. But creating new products is only the result of innovation.

Innovation is the process of seeing new opportunity through careful analysis of existing products and accepted status quos to provide a better solution.

We've come a long way since the Model T.

Today, we take for granted that information on virtually any subject imaginable is available instantly—just a few clicks away—on our desktops, laptops, and smartphones.

We grow impatient over a few seconds delay in retrieving information that, a few short years ago, would have taken hours to locate if we could find it at all.

Advances in technology over the past couple of decades are nothing short of spectacular.

From mainframes and terminals to distributed computing to personal computing and now to an era where people carry two to three computer devices, we are now always on, continuously connected with anytime/anywhere access to information, services and applications.

Welcome to the virtual era...

The virtual era is a time when the way people and organizations use technology is fundamentally changing what they want from technology and its providers. The virtual era is the confluence of disruptive technologies that are defining and will define the way we work and live.

In the virtual era, information/knowledge is more widely available than at any time in history, much of our communication is done through digital means and we are capturing data in an unprecedented manner.

- Thirty billion pieces of content were added to Facebook this past month;
- Two billion videos were watched on YouTube and over 293 billion emails were sent yesterday;
- Over 107 trillion emails were sent this year (89 per cent of which were spam);
- There are 1.9 billion Internet citizens;
- Thirty-three per cent of them use Facebook;
- New Twitter accounts grew 50 per cent this year;
- One hundred and fifty-five million daily tweets vs. 55 million last year;
- Social networking sites account for 25 per cent of the most active URLs—attracting cybercriminals;
- Over 70,000 photos were uploaded to Facebook—in the past minute.

Through this hyper use and adoption of technology, we see unprecedented and rapid change in the flow of information and communication, increasing business complexity, and pervasive globalization.

Today, the computer industry is at a critical inflection point that will redefine the types of products and services customers demand from their technology providers, including greater mobility, virtualization, cloud computing and ubiquitous data capacity and access.

Through emerging technologies we see industry trends emerge that are driving and enabling these changes to occur with unprecedented break-neck speed.

Perhaps the most dramatic outcome is the impact on business models, with entire industries being turned upside down by new entrants innovating in ways that completely re-write the rules of business.

Google was founded 12 years ago, and today it earns more revenue from advertising than all print media combined in the U.S.

YouTube was founded seven years ago, and today children under a certain age spend more time watching downloads from YouTube than they do TV.

Pinterest is two years old, and by the end of its first year it had over 10 million customers.

Dell has identified these four macro trends within the virtual era that are driving rapid change and transformation across the economy and in our homes.

They include mobility, unprecedented data growth, social media, and cloud computing.

Consumerization of IT and mobility will make the most impact on enterprise IT in the next decade with new application types and form factors entering the market and IT infrastructure.

Social media—Facebook, Twitter, YouTube, Google, LinkIn and new sites emerging every month—are enabling millions of conversations to happen all over the world anytime and anywhere.

Cloud technology and cloud services. By 2014, 80 per cent of enterprise cloud initiatives will be in exploiting private and hybrid cloud techniques.

Big data. Unprecedented data growth and storage of that information have given rise to new opportunities for analysis and learning.

These trends are creating a paradigm shift in the way people communicate, work, and do business and are driving the need for more innovative solutions to deliver greater value and efficiency as we navigate through the perpetually changing landscape of the virtual era.

What is clear is that the status quo is no longer sustainable. The emerging trends are re-defining and challenging the accepted norms of yesterday and challenging the status quo.

Only a few decades ago, the work force was pretty easy to define. Employees went to the office, put their time in, and got the usual days off.

Today, given the increased mobility of employees and globalization of the work force—enabled by seamless access to enterprise assets and powerful social media tools from a stunning array of end-user devices—the lines have now been erased.

What is needed is creative thinking through the understanding of these trends to find better ways of doing things whether it be better outcomes for patients or better results for students or greater efficiency in the work force.

The old way of doing things is no longer relevant and failing to adapt and understand how these trends are impacting decision making is potentially a fatal mistake.

We don't need a faster horse; we need better solutions that bring greater value to our experiences. In essence, we need a plan for innovation and this starts by recognizing opportunity for a better solution for tomorrow by understanding the challenges we face today.

The workplace has definitely changed. New technologies and market trends are changing the way IT supports the productivity of the end users. But the work force is also changing. It's getting younger, more mobile, more global, and more choosy about what technology it wants to use to get jobs done.

On the technology side, Gartner has indicated consumerization is the trend that will make the largest impact on enterprise IT in the next decade.

In fact, in a recent Unisys study, 95 per cent of workers said they were using at least one self-purchased device for work.

We are moving from a time when we had one device per worker to an era where people have two to three, depending on what they are doing and where they are.

IDC estimates that by 2012 the number of devices IT is expected to support will grow by 66 per cent. As you can imagine, the ramifications of supporting that many more devices can be significant as IT budgets are not forecasted to grow at a similar rate.

The Evolving Work Force Study commissioned by Dell examines workplace trends and their impact: productivity (anytime, anywhere access) and the importance that technology plays in choice of employer. Included in the global research were interviews with 500+ Canadians, which revealed that flexibility and freedom of IT is driving change in the workplace. The study was contributed by Paul D'Arcy, executive director of large enterprise marketing at Dell in Austin, Texas.

Despite the proliferation of devices and improvements in connectivity fewer than half of employers allow their workers to access enterprise applications via smartphones and many block social networking sites at work.

One tangible example of how the technologies that are driving consumerization can be put to immediate and innovative use is in health care.

Mobile Clinical Computing provides better outcomes for patients by providing doctors and nurses with anytime, anywhere access to critical information.

As hospital IT departments strive to manage an explosion of digital medical data—including electronic medical records, diagnostic images and a host of related applications—they are being challenged by clinicians to adopt mobile solutions that allow access to data at the point of care while protecting it from unauthorized use. The proliferation of consumer-grade devices, such as smartphones and tablets, in the health-care setting only adds to the complexity.

Single sign on and session mobility allow for clinicians to access data at the point of care, improving productivity and efficacy, which will lead to improved outcomes for patients.

An industry example is Whitehorse General Hospital.

Big Data—The Challenge We are Seeing with Data Explosion

The digital universe is increasing every second with billions of users exchanging information through various means to millions of end-point devices.

To put a number on the size is redundant since it is everchanging and growing but at the root of this is the source for where all this data is stored and housed often never accessed after creation.

The problem that remains for many IT organizations is what value can be extracted from all this data and how to make use of it in an intelligent manner.

According to IDC, 95 per cent of data is unstructured., 90 per cent is never accessed and it doubles every 18 months.

What We are Doing/How We are Helping

With the growing digitization of data, more organizations including health care and education providers are recognizing the value of data mining as a tool. In health care, there is a growing recognition of the benefits of longitudinal, client-focused databases that can serve as the foundation for in-depth analytics. Access to such data creates an opportunity for fostering more predictive care delivery by dramatically altering care patterns, delivery approaches, and use of resources and modalities. Health-care providers are challenged not only by the quantity of the data, but the need to ensure real-time access and mobility throughout the enterprise and beyond. The other legitimate concern is how to manage this flood of data and make sure it is secure as it becomes more easily accessible. For visionaries that make the decision to strategically change the way they look at information now, the cost and quality benefits of their data assets will be reaped for years to come.

Dell Hadoop

To effectively manage big data, one option is improving the status quo—the systems that are already in place.

Legacy RDBMS platforms were not designed to handle today's onslaught of structured and unstructured data and widely varied data types.

Another option includes petabyte-scale enterprise data warehouses (EDWs) with massively parallel processing (MPP) capabilities. Available in several commercial varieties, these platforms offer features that are well suited for big data, such as shared-nothing architectures and the ability to run analytics directly in the database.

A third option is an open-source analytics platform built from the ground up at Yahoo to address today's big data challenges.

Apache Hadoop enables organizations to load and consolidate data from various sources into an extremely scalable distributed file system for data storage, the Hadoop Distributed File System (HDFS).

Organizations using Hadoop include some of the world's largest online retailers, social networking sites, and other service companies.

Retailers and e-tailers use Hadoop to find patterns in customer purchase behaviour and to suggest items customers might want to purchase based on past purchase history.

Social media sites employ Hadoop to manage large amounts of data and recommend new connections based on a user's existing ones.

Energy companies deploy Hadoop to store and process information gathered from sensors on the power grid. They then apply this information to plan capacity across the grid as conditions change over time.

For visionaries that make the decision to strategically change the way they look at information now, the insights gleaned from their data assets will propel innovation for years to come.

Cloud Computing

These economic times have caused business to place a premium on efficiency.

IT is being asked to drive efficiency company-wide and within IT.

How IT managed from a financial standpoint has changed: avoid capex, move to variable opex, focus on TCO and time to market.

Cloud delivers on these requirements, with its almost infinite scale, highly secure, hyper efficient, variable in terms of use/cost.

As technologies evolve we are seeing different ways of leveraging cloud computing, public clouds, private clouds, hybrid clouds, and more recently community or vertical clouds.

Every company is trying to figure out how to leverage cloud services as it offers the promise to deliver the economic requirements that customers are now seeking: pay-as-you go, IT-on-demand, variable opex.

One great example of how cloud computing can give its users the power to do more is the work we have done with T-Gen. Translational Genomics Research Institute is an organization whose mission is to make and translate genomic discoveries into advances in human health.

Dell Commits Funding, Cloud Technology and Employee Engagement to Fight Neuroblastoma and Other Pediatric Cancers

Dell donated cloud capability to assist TGen and NMTRC/VARI in their clinical research to identify targeted treatments for children fighting the deadliest of pediatric cancers and to expand the reach and impact of the world's first personalized medicine clinical trial for pediatric cancer.

Dell launched a new multi-million dollar, multi-year commitment to pediatric cancer as an expansion of the company's overall philanthropic program—Dell Powering the Possible.

Dell is expanding its Powering the Possible program to focus on neuroblastoma and other pediatric cancers because of the devastating nature of the disease and to address the void of new and innovative treatments available for children. Since the 1980s, the Food and Drug Administration (FDA) has approved only one new treatment for any type of childhood cancer, compared with 50 approved treatments for adult cancers in the same time period. Through Powering the Possible, Dell is making a multi-year, multi-million dollar commitment of funds and employee volunteerism to support innovative pediatric treatment programs globally.

"Trial and Error" Treatment Ineffective and Time-Consuming

Neuroblastoma strikes one in 100,000 children annually, usually before the age of five, and despite it being so rare, it is so deadly that it is responsible for one in seven pediatric cancer deaths. It attacks the sympathetic nervous system, which controls heart rate, blood pressure and digestion, with aggressive tumors that are unique to each child. In fact, it is the unique and aggressive nature of neuroblastoma tumours that render ineffective conventional approaches to developing a blockbuster, one-size-fits-all treatment for the disease. With little commercially or federally funded research underway because of its small patient base, parents and pediatric oncologists have relied largely on "trial and error" in their search for a treatment that will work from among the hundreds of available adult cancer trials.

Genomic-Guided Treatment Underway

This process generates more than 200 billion measurements per patient that must be analyzed, shared and stored. Unfortunately, the computation and analysis of this information can take weeks to months to process and the magnitude of this task has limited the depth and number of pediatric cancer patients who can be included in this groundbreaking clinical trial.

Dell-donated Cloud gives TGen and NMTRC Power to do More for Pediatric Cancer

Dell's donated cloud solution will provide needed computing power to help increase TGen's gene sequencing and analysis capacity by 1,200 per cent and improve collaboration between the team of physicians, genetic researchers, pharmacists and computer scientists working on the trial.

Specifically, scientists and physicians will use the donated cloud to investigate new technologies that accelerate genetic analysis and identification of targeted treatments for each patient from months to days.

The additional computing power will also improve the availability of critical information and allow researchers to develop a real-time knowledge repository of the latest findings on the most effective treatments for oncologists to use globally.

The researchers also intend to use the donated cloud to expand the program's participation from a handful of children today to hundreds of children over the next three years, with the goal of establishing an information framework that, subject to regulatory approval, could one day help thousands of pediatric cancer patients.

The new TGen cloud will also facilitate rapid transfer of information to international partners and lay the groundwork for expansion of the trial to additional types of childhood cancers in the future.

Social Media and Networking—What We are Seeing

Social media technologies like Facebook, Twitter, LinkedIn, Google etc. are reshaping our world and are transforming how we do business from sales and marketing to IT, HR, PR etc. and it is clear that social media will span every segment of every organization from management to manufacturing.

What We are Doing

At Dell, we recognized the opportunity to connect with our customers in a revolutionary manner on a global and unprecedented scale. Embracing and using this technology was paramount as we realized we could gain valuable insights through our tens of thousands of customer interactions every day.

Dell found innovative ways to connect with our customers in non-traditional domains maintaining our legacy of customer direct by creating a Social Media Command centre to listen and monitor conversations on the Web.

In addition we are able to gather feedback and suggestions for products and services firsthand from our customers.

Our social media command centre where social media conversations are constantly monitored helps us deliver incremental improvements to our products and our brand in real time as we listen and respond to fans and detractors.

We monitored 25,000 conversations globally across 11 languages.

Rishi Dave, our executive responsible for social media and online marketing, says, "The truth is social media doesn't just need to be controlled; it needs to be used. You need to train and empower your employees and to use social media to benefit the company and not just their personal lives. Establish coherent policies. Put the right structure in place and then encourage participation."

Industry Example: Clemson University establishes Social Media Listening Centre—Partners with Dell, Radian6

Clemson University builds Social Media Listening Centre (SMLC) powered by Dell and Radian6, the first of its kind in an academic setting. A research lab and teaching facility, it provides opportunities for faculty, graduate and undergraduate students and staff across the university to work collaboratively.

Clemson Chief Information Officer Jim Bottum learned about a social media listening centre during a visit to Dell operations in Texas last year. He proposed a partnership that would involve student engagement, faculty research and an environment to test the value of the command centre in helping an IT organization move into a more proactive service position. "When I returned to campus and talked to faculty, students and staff about the Social Media Command Centre, I sensed a very high level of interest and excitement—more so about this project than any other technology we've undertaken at Clemson," Bottum said. The centre is inherently interdisciplinary and focuses on an area where all students and a growing segment of our population lives—social media."

The SMCC has six large displays that faculty or students monitor, similar to a small network operations centre. With Radian6 software, the monitoring researcher can seek public conversations that are accessible through social media. Blogs, wikis, Twitter and Facebook conversations that are not protected by privacy settings or passwords can be searched for key words. There is a digital dashboard and an engagement screen, and the centre offers a complex configuration of social media content displayed graphically, using movement and imagery to convey sentiment, share of voice, trend information and geo-location data.

"We are early, possibly the first, academic adopters of this technology and approach," Bottum said. Teaching and learning are occurring in a completely different way through the centre. Clemson faculty mentors work with their students on social media research and issues through creative inquiry team projects and in communication and management classes.

Summary

The digital era has ushered in a new breed of netizens whether digital natives (born during or after digital technology) or late adopters and has created an exponential surge in the way we consume and transfer information. From this connectedness emerge four main trends which have significantly influenced technology as seen by social media, consumerization of IT, and the demand for cloud/hosted services and big data. The acceleration for growth and change is unprecedented and will continue to drive our digital society. It is imperative that we recognize opportunity in change and encourage innovation in every facet of our corporate mandate to increase value and efficiency.

Call to Action

Transformational projects are required, aimed at reducing legacy costs and processes freeing up dollars for innovation.

We must recognize and embrace new areas for potential growth, technologies, and skill sets.

We all have options—staying comfortable in our past success or getting excited, taking a risk, and committing to the future.

How we choose to confront and address this challenge will determine our future environment for growth and innovation and our ability to compete.

The key is leadership and it must come from all sectors of society.

If we can come together around these pragmatic, non-ideological, forward-looking actions, we will be drawing on the fundamental drivers of Canada's growth and will sustain Canada's position as one of the most admired nations.

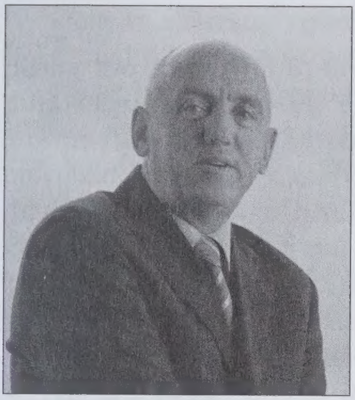
In everything we do, we're focused on delivering solutions to enable smarter decisions and more effective outcomes—giving customers the power to do more so they can overcome obstacles, achieve their ideas and pursue their dreams.

Above all, we are committed to helping them realize the superior long-term value they need to grow and thrive.

The appreciation of the meeting was expressed by Lou Natale, Managing Director, NBV Group, and Director, The Empire Club of Canada.

THE EMPIRE CLUB OF CANADA
THE EMPIRE CLUB OF CANADA

Robin Sears, Senior Partner, Navigator, and First Vice-President, The Empire Club of Canada, fills in for our President.



March 6, 2012

Duncan Hawthorne

President and CEO, Bruce Power

DELIVERING SAFE, RELIABLE AND LOW-COST NUCLEAR POWER FOR THE PEOPLE OF ONTARIO

Chairman: **Verity Craig**
President, The Empire Club of Canada

Head Table Guests

John Walker, President, Transition Plus, and Director, The Empire Club of Canada; Thomas Wood, Co-Chair, Leaders of Tomorrow, Graduate, and Graduate Student, University of Toronto; Rev. Dr. Connie Den Bok, Senior Minister, Alderwood United Church; Catherine Cano, Managing Partner, NATIONAL Public Relations; Mark Romoff, President and CEO, Canadian Council of Public-Private Partnerships; Clint Davis, President and CEO, Canadian Council of Aboriginal Business; Patrick Dillon, Business Manager and Secretary Treasurer, The Provincial Building and Construction Trades Council of Ontario; Noble Chummar, Partner, Cassels Brock and Blackwell LLP, and Director, The Empire Club of Canada; Rick Jennings, Assistant Deputy Minister, Energy Supply Transmission and Distribution Policy, Ministry of Energy; Ian Howcroft, Vice-President, Ontario Division, Canadian Manufacturers and Exporters; Michael Nobrega, President and CEO, OMERS; and Bill Nicholls, President, The Provincial Building and Construction Trades Council of Ontario.

Introduction of Patrick Dillon by Verity Craig

It is my pleasure to introduce Patrick Dillon to introduce our guest speaker for this afternoon. Patrick is the Business Manager and Secretary Treasurer of the Provincial Building and Construction Trades Council of Ontario. The Trades Council is an organization representing 150,000 trades workers in Ontario, and Patrick has held that position since 1997. He also serves on a number of boards, including the Workplace Safety and Insurance Board, Infrastructure Ontario, and the Appointments Council for the Ontario College of Trades. Patrick is a member of the Greater Toronto Civic Action Alliance where he joins other civic leaders in addressing the GTA's issues and challenges moving forward.

Introduction of Duncan Hawthorne by Patrick Dillon

Duncan Hawthorne is the President and Chief Executive Officer of Bruce Power, the largest independent power generator in Ontario. With over 30 years in the power generation business, Duncan began his career as a craft apprentice in the Scottish electricity industry and advanced to hold senior positions in power companies in the United Kingdom, the United States and Canada.

As the executive lead during the acquisition of several power plants in North America, Duncan was responsible for the acquisition of the Bruce nuclear facility and the formation of Bruce Power. Bruce Power operates one of the largest nuclear facilities in the world.

Duncan is an active advocate for the nuclear industry and is Past Chairman of the Canadian Nuclear Association and Past Chairman of the prestigious Board of Governors of the World Association of Nuclear Operators.

Duncan's leadership has been recognized by his peers through a series of awards such as the Ontario Electricity Association "Leader of the Year" Award and the Ian McCrae Award for Leadership in the Canadian Nuclear Industry.

He has also been honoured by the Association of Power Producers of Ontario with their 2004 Hedley Palmer Award for outstanding contributions to Ontario's electricity generation industry and by the Energy Council of Canada as their 2005 Canadian Energy "Person of the Year."

Duncan is a chartered engineer with an honours degree in control engineering and an MBA from Strathclyde University in Scotland. He is a Fellow of both the Institution of Electrical Engineers and the Institution of Mechanical Engineers.

Duncan's strong drive and work ethic is evident in the successful relationships he has forged with many in our industry.

Apart from his professional accomplishments, Duncan is widely known for supporting the Easter Seals charity. Every year, he hosts the highly acclaimed Easter Seals Dinner, helping to raise well over $500,000 annually towards this great charity that helps kids with disabilities succeed.

All in all, Duncan's busy life and various commitments to family, business, and charity are indicative of a competitive side that also comes through on the golf course.

Ladies and gentlemen, please welcome our keynote speaker, Duncan Hawthorne.

Duncan Hawthorne

Thanks everyone and thanks for the introduction Pat. Thank you Verity for the opportunity to speak at the Empire Club.

I brought a pamphlet with me not because I needed the notes, but I had to remind myself what I was actually supposed to be speaking about. I see it says, "Delivering safe and reliable and low cost nuclear power for the people of Ontario." I'm going to start by saying I didn't choose the title of this speech. On my way here I thought about what I would actually have called it if I had given it a title. I was reminded of something. I've got an executive vice-president in my group who considers himself a bit of a comedian. He says to people who come to a meeting, "Thanks for coming in today." He says that to people all the time. The interesting thing is that that's what I'd probably call the speech—"Thanks for coming in today." Why would that be the case? Well, think about it. Think about if in your business every time you saw someone you walked beside every day you said to him, "Thanks for coming in today." We don't do that, but if someone doesn't show up and he's missed a few days, we would typically ask if everything was okay. What's happening? You do the same with your kids. You don't thank them for going to school. If they're not at school, we ask if something is wrong. You get concerned about the lack of attendance or performance.

The reality is, when you think about your nuclear power, that's the kind of people we are. Every minute of every day, day in, day out, year in, year out, 50 per cent of the power in Ontario comes from nuclear power. Every second house, school, factory, and business is supported by nuclear energy, but we don't expect people to say, "Thanks for coming in every day." It's just what we do. The problem with that of course is that you get taken for granted. You do get taken for granted. Our Executive Vice-President of Human Resources will tell people that he runs the people department. He will have constant reminders of the importance of recognition. It isn't appropriate just to say to people, "That's what you're paid to do." If you say to someone, "Thanks for coming in every day," eventually they're going to say that that's what you pay me to do. Why do you keep reminding me of that?

That's the way I view the role of nuclear power. Our job is to be there every day. Our job is to be reliable, to be consistent, to be safe, all of the things that are actually in the speech title. The reality is that that's our job; that's what we're there to do. There comes a time when it's not just about that. When we become newsworthy it's because we either didn't turn up every day or something happened in a day that somehow dislocated that steady-as-you-go type of environment. The problem with that of course is in our industry it can often cause a reaction that totally ignores all those days when we were there every day. I think what's happening now is that that contribution is being minimized and the whole content of our contribution is being biased.

Frankly the reason I'm speaking here today is because I was invited, and because this week is the week of the anniversary of the Fukushima event which happened on March 11 last year, an event which all of us will have some recollection of. I'm going to show you a few slides. These slides are about the event that took place in Japan. They are not stories about a nuclear plant. They are stories about a devastating natural disaster of proportions that are very hard to visualize. This is an event in which more than 25,000 people lost their lives. There are still 6,000 people who have not been found. It destroyed livelihoods far and wide. If there had never been a nuclear plant in that location, there wouldn't have been a story that would be forever imprinted on our memory.

The truth is that's not what this story is about and it's not why I'm here today speaking to you. It's because within that very difficult situation there was in fact a nuclear plant. The events at that nuclear plant presented a massive challenge to the operators and to the industry in that region. It's for that reason that I think it's appropriate that I address that event and the consequences of that event not just for the area but for the nuclear community at large. That's largely what I'm hoping to do today. At the same time, I'm going to remind you that we do show up every day and have done for decades here in Ontario and expect to do so for decades still to come. The interesting thing about that "thanks for showing up everyday analogy" is that it is appropriate as we're having conversations right now in Ontario about having too much power and where the problems are likely to be because of that. Again there's a dialogue about our nuclear contribution. Is it nuclear that's causing that issue? I'll give you a good example that is actually very appropriate. Consider what nuclear power does in this province and what you're trying to create for the union and their hiring holes. In a situation where you need resources, I'm sure any union leader will tell you, it's important that you have reserve in the hiring holes. You like everybody to be at work, everybody wants to be in full employment, but you also have to have people there to be called upon when needed. In a healthy situation you want to have skilled people there, trained, ready to go, who can be called upon when you need them.

An empty hiring hole is a problem. It's a problem because you don't know about the response capability. I can remember in the energy sector in Ontario when I came, we were operating in an environment where there was a chronic shortage of power. No one could see any way in which it was going to come into service. We did a lot in our 10-year period to address that and we'll do even more in the weeks and months to come when we return two more units to service. I understand that in so doing we've moved away from a supply shortfall to an overabundance of power, but look again at some of these pictures. I'll remind you that Japan is second only to France in terms of the reliance they have on nuclear power. There are fifty-four nuclear plants in Japan, but zero operating today. Not a single one of those plants is in operation. If you do any sort of research into the Japanese situation following the Fukushima event you would understand that not only was the event something that questioned their whole regulatory framework, but they questioned the siting of the plants and they questioned the public support for their plants. An interesting thing for me is there has never been an event that's occurred anywhere in my experience that hasn't had very significant precursors. It has never happened. Anyone who does any accident event analysis would tell you there are always some precursors.

When you look at Japan you can see the ring of fire and understand the amount of seismic activity in that region. Since the event in Fukushima on March 11 there have been 243 seismic events within 120 km of that facility. Some of them we would consider to be very significant—more than 5.5 on the scale and some as high as 7.1. It is a very seismically active area. When you look at the event and the siting of nuclear plants anywhere then obviously geographic structure is an important part of that. Think about the Japanese situation. They don't have any real resources of their own. The reason they've gone nuclear is not because they fell in love with nuclear technology, but because they don't have any coal, oil, or gas to speak of. They're entirely dependent on importing resource capabilities. It is no surprise to me that they selected nuclear as an important part of this.

When you look at the Japanese situation today, you can see how difficult it is to have something like 33 per cent of your generation removed from service. I'll tell you an interesting story. It was mentioned earlier that I was the chairman of WANO until very recently. We held a series of what was called small CEO meetings. We invited chief executives of nuclear companies from all over the world to come to these sessions including several Japanese CEOs. Every one of them complained about the fact that they had tremendous interference in their operation by local politicians. They had to get municipal support for a lot of what we would consider to be standard reactor plant operations. This is a story that's starting to come out now. If anyone saw the independent panel report, you would see that they talked about political interference having an impact on a plant's ability to respond to an immense event.

I can tell you that what was interesting about the small CEO meetings was that the Japanese CEOs wanted to ask the rest of the international community to help them with that. Could we help explain why this was not good practice and why it impinged on the operators' ability to respond? I think as an industry, we perhaps underestimated that request for help because it really was a request for help. They couldn't operate the plant the way they wanted to because they had to keep asking the mayor if it was okay to do things. I can't imagine what that'd be like in my community. I can tell you on that fateful day on March 11 when they wanted to vent the reactor their procedure didn't allow them to do it without asking the mayor.

Now look at all those pictures. How do you think they would find the mayor in a place that had just been subjected to an earthquake and tsunami? It took them something like 14 hours to get permission to vent the reactor. Once the reactor started to sustain fuel damage, they knew they were building up hydrogen and containment. They wanted to vent, standard practice. We'd do it every day at our plants without even thinking twice about it, but they couldn't. Eventually they didn't have to because the top was blown off the reactor secondary containment; that was their vent. That's a story that won't be told. I can tell you that that's exactly what happened. Once the inquiry's complete, you'll find that out. Our technology is incredibly complicated. It requires people to dedicate their careers to it. They spend a lot of time learning about nuclear physics and theory. We are in a highly regulated environment. Our staff are qualified through the regulator to do their job. One of the great things I say to people is that operators have to be allowed to do what they're trained to do. I gave you a great example of that.

After the Fukushima event, I was invited to go to Paris where the IEA were holding sessions to review the Fukushima event. It was a rectangular table structure. There were 42 people at the thing and there were two operators. The other 40 were regulators. They talked about changes in regulation that would be necessary to respond to Fukushima. The message I gave them after listening to all of this was that there was a book containing a great story about a mirror and a window. It says that if you are looking to apportion blame, you look out the window. If you're looking to hand out praise, you look in a mirror. That's what I saw happening at that event. The reason for the Japanese event was to do with the operators. It couldn't possibly have anything to do with the regulators. Yet when you look at the event itself in all the details the recent panel reports suggest the real weakness in Fukushima was to do with pure regulation, lack of independent oversight. When that same group in Paris talked about changes in regulation, my remarks were typically from the heart and without preparation and maybe that was a mistake. What I said to them was that I've listened to them all talking about changes in regulation and for me it's a lot like designing a motor vehicle. If I plunked it right in the centre of this room, it'd have safe impact bars, it'd have airbags and power steering, all those wonderful things. If I got in it and drove down the Champs-Elysees like a racing car driver somebody was going to get hurt. That for me is what this is all about. Good nuclear operation is actually guaranteed by operational excellence—the right standards and behaviours amongst the operators. It's actually supported by regulation. Go to any book shop anywhere and go to the business section and find me a book that's called "Regulate your way to excellence." It's not there. It doesn't exist so don't bother looking. Even those people in the regulatory area haven't written that. The reality is that that's not how you achieve excellence. Sound regulation is important. When people look to us and say that we're going to obviously revise regulation because of Fukushima, then they're talking to the wrong people.

The great credit I'll give to the regulatory community here in Canada is that they've understood that. When you look at the Fukushima event, the first people to respond to it were the operators across the world. We responded to it firstly to understand it and learn from it and very quickly thereafter decide how we could help our colleagues in those nuclear plants. That's our job; we all stand together. We realized that after Chernobyl. That bond has been incredibly strong in spite of lots of political tension that could have otherwise undermined it. When you think back to 1986 and think about the politics then, we were still able to form an international community and visit some of those plants and share experiences when really it would have been politically impossible for governments to do that.

A very important message I want to deliver on Fukushima is there are lessons to learn. Of course there are. We'd be a fool to say there aren't. A great example of that is that WANO wrote to every operator in the world and asked them to give a response on how robust their plant was to a loss of power for a prolonged period and the need to get cooling. We got a response within something like 96 hours from every single plant in the world. The other interesting thing is that not one of them said they didn't have to do something. Not one of them said Japan is in a ring of fire, an earthquake zone. We don't have it. We're good to go. That's not what operational excellence is. There are always lessons to learn.

When people ask me what we are doing here in Canada, well, firstly what I say is that we're realizing that there are lessons to be learned and sometimes they're really simple. We talk about being farmer-smart rather than Harvard-smart. It's not about fancy probabilistic anything. It's about those pictures. Think about the devastation in the community. If that were to occur, regardless of how probable or improbable that may be, some of your installed equipment isn't going to be there. We found that out. We faintly remember that on August 14, 2003, we blacked out this province. We blacked out the whole northeastern seaboard, but we didn't have meltdowns. Why was that? Because our plants were designed to respond to it and they did what they're designed to do. I can tell you that on our site there were something like 80 lessons learned from that event and they were simple things. For example, you're looking to bring in extra staff and you want to call them on a telephone. Well guess what? The telephone lines still work in a blackout. We've all got pagers and cellphones and they're battery-operated and they don't work. We could call operators who still had the old conventional landlines, but those with cellphones could not be reached. Wireless phones in your home don't work when the power's out, but your hardwired old-fashioned phone does. It's those kinds of lessons that you learn.

At Fukushima just at a time when they expected that they'd have to be careful for high radiation doses someone says, "Where do we keep all the dosimetry?" Well, it's in a room in the basement. Where's the basement? That's a swimming pool. Just at a time when people need more dosimetry, the stuff was stored underground or in this case under water. It's those simple things that you learn, so when we talk about what we're going to do in response to a Fukushima, some of it is about making sure that you've got temporary power supplies and you know that this plug connection fits into the socket. It's not the wrong type of plug. We have agreed with Ontario Power Generation that if there was an event at their site, then we will support them and vice versa. We will share common equipment. It's those sorts of things.

I know some people would like to see us spend hundreds of millions and design other systems, but that's not necessary and it won't be the case across the world. Many plants will retest and do some modifications but this is not about pricing nuclear power out of the market. It's not about undermining the value that technology brings. It's an important part of learning and seeking excellence, which is what we're all about.

I want to spend the last moments of my remarks talking about how difficult some of these things are. Communication is an important part of what we do. As I said just showing up every day doesn't require communication. If I want to explain my technology there's two or three different ways I can do it. Firstly, I can say let's all imagine we're an atomic space. These neutrons do this. Most people will glaze over when I start talking about nuclear fission. That's not the way you tell a story. I've got to talk about values and beliefs in order to build trust. It's about transparency. It's about openness. All the while I'm truly cognisant of the fact that in our industry good news is no news. Showing up for work every day is not a big deal. No one would come into work and someone's asking where you are. That's true for our industry. We can't despite our best efforts tell a story that isn't a story. We can put newsletters in the local papers. Some of the local media is here. We can do an insert and tell them what we're doing. Is that like any other flyer? In most cases it is. It gets thrown into the trash without being opened. It is an attempt at outreach and that's an important thing we have to do. In this world of Twitter and Facebook and all those other things, we have to find another way to tell our story.

The second thing that is also true is that almost all of us in this industry are engineers and scientists. That's what we're brought up to do. Our comfort zone is to start to do probabilistic assessments. When people say is your plant safe, we'll say yes ten and the main is seven. Seven what? When there's a spread of contamination, we will say, "What's the problem; it's only 20,000 becquerels per square litre?" Someone will say I don't know what a becquerel per square litre is but 20,000 doesn't sound too clever. Do you know what I mean? That's our challenge.

When a Fukushima event occurs and we say we are detecting some radiation "above background" on the west coast of America, what do we mean by above background? That's why after the Fukushima event you've got people in California swallowing potassium iodine tablets like M&Ms because while we are trying to give them factually accurate information, other people are out there scaring the hell out of them. It is just what it is. We as an industry are not particularly good at that. One of the most important lessons from Fukushima is that you had better find a way to explain things in a layperson's mind in order to reassure or you get a public reaction that's very difficult to put back in the box. For me one of the real lessons for all of us—the regulator, the politicians, and the operator— is that we have to work together to have reassuring, accurate, timely data to the general public all the time. We have to recognize that this may be the first time they've ever even thought about it.

I've become a media mogul. I've got my own show on radio in California now. Some pretty scary scenarios were unfolding. I didn't try to explain nuclear power because that wasn't what the conversation was about. The question was, "Should we be worried?" How bad can this get? What does this look like? For that same reason, I also have a fan club on Facebook and they're all based in Tokyo because these are people who are ex pats married to Japanese men or women, and live there. I can order bread and milk in Japanese, but 20,000 becquerels per square litre not so much. I'm trying to understand whether I should be worried. That's a massive challenge whenever something abnormal works in our industry. We had better find a way to do that.

One of the other things I think is important to know is that when you look at the lessons from Fukushima, one of the things that will happen here and will become an annual thing is that people who oppose our technology and they're always there and they're never going away will actually seek to make this a bigger event than it was. You'd think a meltdown of three reactors is hard to overstate, but the reality is it can be overstated. I'll give you a great example. You can try it yourself. If you go on Google and type "Fukushima images," you pull up a set of images. The first one will show you a mushroom cloud and a wind pattern that shows it heading right across Hawaii to the west coast. It has on it a number of fatalities. The graphics are just there without any commentary. I invite you to try it. I invite you to go and look and see where that image came from because it comes from a Web site. I've looked at it and I was confronted with that same slide when I did a CNN thing. I said to them, "Do you know where that image came from?" That image is part of talks about the Fukushima event created deliberately as a means of population control. That's what the story is all about. It explains that there was this device that was created to control the weather. As part of this scenario, they could create earthquakes and this slide was on testing the device. That's what the story is. It's better than the X-files. My point is the media took the image and used it. How bad can this get? It's hard to take that back from the minds of people.

I got an email last night from a farmer in Tokyo who was talking about the fact that all his produce has been cleared. What they stamp on the produce in Japan is "not detectable." "Not detectable" means it has been checked and it's okay. He can't sell any of it. It's like Canadian beef. Once you've got the issue, it's hard to remove it. His family has farmed for years and he's 40 miles away from the area but still in the Fukushima prefecture—40 km away from the facilities. The area's been cleared, but he'll never sell his produce again.

That's the fact of life in our industry. These things happen and they don't go away. My job is not to let that define our industry. We make a valuable contribution. We do so by showing up every day in a reliable fashion. You've got these events that will be constant reminders to people and seem to be definers. In the same way that we aren't good at getting our message across, people that oppose our technology are actually very good at getting their message across because they're not distracted by fact. There's no accountability for their message and they are very good at using the vehicles to do it. They attract attention.

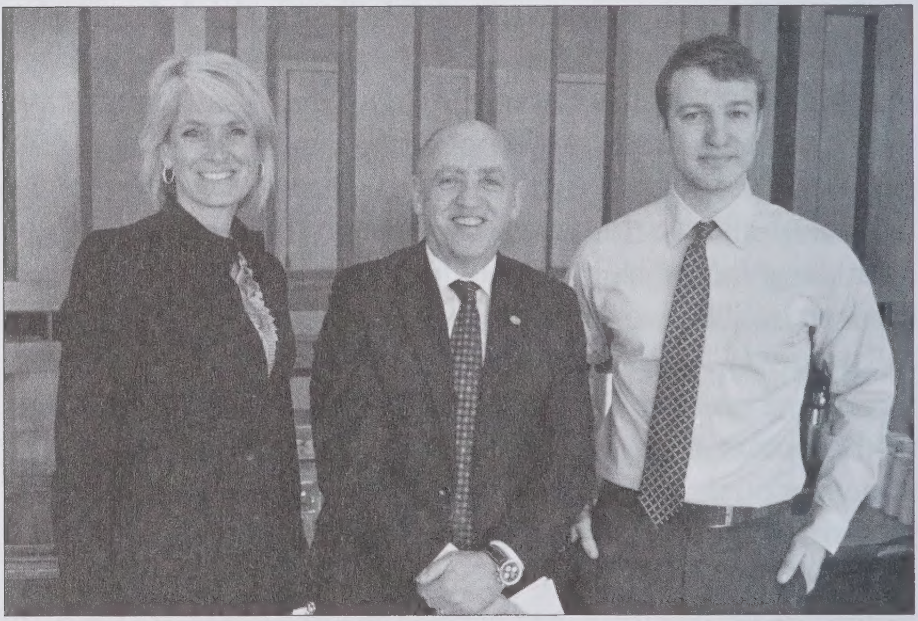
Bad news lives forever. That's one of the things I know. I've been talking about Chernobyl every October since 1986. I've talked about Three Mile Island in 1979 and I'll talk about this event every March 11 for as long as I'm still here. Our engineers and scientists don't know what a simple message looks like. They never will and we bet on them. People do like to hear me speak because it's 20 per cent about what I know and 80 per cent about what I feel because that for me is what it's about. You don't know my technology. Most of you don't. You've got to have some confidence that we operate it well, we operate it safely, we do so responsibly, and decisions we make about our assets are actually taken in the best interest of all.

People will always say we always put commercial over safety. There is no conflict; there is never a conflict. For anyone to suggest that somehow we would cut corners and choose not to do stuff that safety would demand totally ignores the fact that these are incredibly high-value assets. We have to manage these assets because that's what our business is. Making shortcut decisions on safety would be such folly. It would entirely destroy the very value we are trying to create.

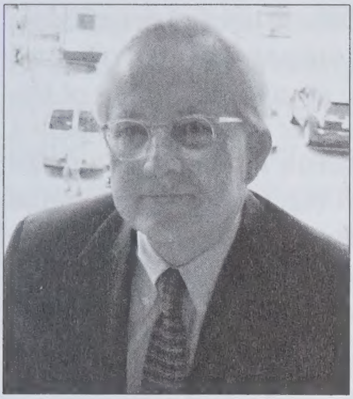
My job is not to convince people who oppose our technology to change their mind. I'd like to think I can give them some thoughts but I don't expect people who have long-held beliefs for decades to suddenly say I may have got it wrong. That's not what I'm about. I have to be able to speak the language of reasonable people and for me it's all about simple things. Every second house, school, hospital, and factory in this province is supported by nuclear power. In 2001 we were very concerned about a shortage of power. The Bruce site that year produced 15.4 terawatts of energy. This year, we'll produce 46, three times more power than we did in 2000 when I came on site. I'm tremendously proud of what we have done. We've done so with a good solid focus on operation and good committed investors behind us with the support of the building trades that have brought skill sets to help us rebuild and re-engineer our assets, and with strong local public support. Those are the ingredients for doing this job well. It's what I take pride in. As I say we celebrated our tenth anniversary recently. When you look back on those 10 years we've come a very long way. As a consequence of doing that, Ontario finds itself in a situation today where it's possible for it retool itself—close emitting coal plants and replace them with other less environmentally damaging options. They can do so within a healthy surplus of power. I like to feel that one of the significant contributors to that being possible is the contribution from nuclear power. I'm not going to apologize for the industry. I'm tremendously proud of what we do. I just wish that more people would be prepared to speak on it because the contribution I think is worthy of that.

Let me finish by saying, "Thanks for coming out today." Thank you.

The appreciation of the meeting was expressed by Noble Chummar, Partner, Cassels Brock and Blackwell LLP, and Director, The Empire Club of Canada.



Verity Craig, President, The Empire Club of Canada, Duncan Hawthorne, President and CEO, Bruce Power, and guest.



March 8, 2012

Craig Muhlhauser

President and CEO, Celestica

STAYING ON COURSE IN A TRANSFORMATION JOURNEY

Chairman: **Verity Craig**
President, The Empire Club of Canada

Head Table Guests

Alex Squires, Director, Brant Securities Ltd., and Director, The Empire Club of Canada; Joshua Seaton, Student, University of Toronto, and President, Toronto Math Union; Rev. Philip C. Ralph, Secretary and Program Director, Woundedwarriors.ca; Don Lewtas, CFO, Onex; Bill Etherington, Retired Senior Vice-President and Group Executive, Sales and Distribution, IBM Corporation, Former Chairman, President and CEO, IBM World Trade Corporation, and Member, Celestica's Board of Directors; Angela Stanescu, Client Executive, IBM Enterprise; Andrea Wood, Chief Legal Officer, Wind Mobile, and Director, The Empire Club of Canada; John Peri, COO, Celestica; Joe Natale, Executive Vice-President and Chief Commercial Officer, Telus Communications, and Member, Celestica's Board of Directors; and Robert Cancilla, Vice-President, IBM Enterprise.

Introduction by Verity Craig

Ladies and gentlemen, it is now my delight and pleasure to introduce Mr. Craig Muhlhauser.

As President and Chief Executive Officer of Celestica, Mr. Muhlhauser is responsible for the company's growth and profitability for the long term. To give you an understanding of the immense size of Celestica, here are just a few statistics. Celestica now has over 35,000 employees worldwide and more than 20 manufacturing and design facilities around the world. The revenue for 2011 is more than US$7.2 billion. That's quite a significant number with which I think you would all agree.

Prior to his current position, he was the President and Executive Vice-President of Celestica's Worldwide Sales and Business Development Organization.

Before joining Celestica in 2005, Mr. Muhlhauser was the President and Chief Executive Officer of Exide Technologies. Prior to that, he held the role of Vice-President, Ford Motor Company, and President, Visteon Automotive Systems.

Throughout his career, Mr. Muhlhauser has garnered a wide range of experience working in challenging global environments in industries spanning the consumer, industrial, utility, automotive, aerospace and defence sectors. These experiences have shaped his view on how to successfully transform a company to maintain a competitive advantage in a constantly changing global environment.

He holds a master of science degree in mechanical engineering and a bachelor of science degree in aerospace engineering from the University of Cincinnati.

Ladies and gentlemen, please join me in welcoming Craig Muhlhauser.

Craig Muhlhauser

Thank you Verity. It's a pleasure and an honour to be here today. Obviously having just signed the signature book with many famous names, it's frankly very humbling to be at this podium. I relish the opportunity to talk about Celestica.

Celestica is one of the unknown Canadian natural resources. We're here to talk about the future of the company, which today is a $7-billion global company headquartered in Toronto. As Verity mentioned, we have over 30 facilities spanning the world throughout North America, Europe, and Asia. We're proud to be one of the largest technology companies in Canada. We provide innovative supply chain solutions to many of the world's leading brands including Research in Motion, Cisco, Oracle, IBM, and many others. Essentially we're the brand behind many of the leading brands. We help them design, build, and deliver, service and support their products worldwide. We're proud of where we've come from. As a spin-off of IBM Canada we have an OEM heritage of over 80 years. We have a history of proven expertise and experience in high-quality compact complex manufacturing services. Based on the nature of our business we're among the first Canadian companies to embrace a global outsourcing model. We've established operations in emerging markets such as China. We've a wealth of experience in supporting a wide variety of industries in diverse sectors, and have experienced external forces including globalization, commoditization and the emergence of very complex global supply chains.

Today I'll share with you my personal story in leading the transformation of our global business. In the culture of Celestica, from a contract manufacturer to a high-impact, knowledge-driven global supply chain solutions partner to our customers.

About a year after joining the company I was presented with the opportunity to become CEO. Looking back at what we've accomplished as a company over the past five years, there are three key themes I'd like to discuss today. The first is people—leadership at all levels of an organization and an empowered, engaged, and highly motivated work force. The second is passion—the passion to make our customers successful and live our brand and values as a team and as individuals. The third is perseverance. Work as long as it takes to get the job done right.

I'd like to develop these themes by sharing with you four stories—one of Mexico, one of Japan, one of Thailand, and one of Toronto. These are out of the many stories to bring to life to you the essence of Celestica, our journey as a team, and why we believe so strongly in the future potential of our company and its role in Canada and the world.

In my first four to six weeks as CEO I realized that there were three key challenges that I faced. The first was getting the leadership on board and aligned with the strategy. The second was to restore credibility with all of our stakeholders including our board of directors. The third was narrowing our company's focus.

Getting any leadership team on board and aligned with a new CEO's vision is always complicated. To further complicate matters I was the last guy people would have expected to become the CEO. Despite my experience, I had no experience in electronics or the electronics industry. I had just begun with the company only a short period of time ago. My vision for Celestica, however, was not just to turn the company around, to become a better EMS company, but to truly change the game in our industry by moving away from commoditized manufacturing and focus on value-added services and solutions. We wanted to be more than a manufacturer. We wanted Celestica to be a trusted partner that could help solve its customers' most challenging problems. From the beginning I recognized that not everybody wanted to be part of that vision. I looked around the table at my leadership team and said you all have a choice. You can choose to be part of this or you can choose to move on. It's your personal decision. I only want people on this team who are passionate and committed. I said, as Howard Shultz said, "The future belongs to those who are willing to get their hands dirty, and I need a leadership team who are willing to get their hands dirty and empower their people to do great things."

This brings me to the first theme—people. A lot of companies talk about people being their greatest asset but they don't do anything to truly leverage the true potential these people represent. As part of refocusing our company and re-launching our brand, we talked to our customers and asked them why they chose Celestica. It had nothing to do with the hardware or our plants, our collateral marketing material. They said it was all about your people. It's the people who move the company from simply doing things better to imagining the possibilities from innovation to breakthrough and from incremental change to bold change. My theory when it comes to employee engagement is one-third, one-third, one-third. A third of the people are passionate about being part of that journey. You can look them in the eye. You can see it in the way they behave. A third are very skeptical. They feel like they've heard this story before. The previous CEO likely said the same thing as did the CEO before him or her. The other third want to just move on frankly and I made it very easy for them to move on. We did the right thing in all cases and we supported them in finding new opportunities. This started the ball rolling in creating a team at the top to role model behaviours throughout the company that we valued, to live our brand and be passionately committed to do whatever it takes to make our company great.

Job titles don't create power in an organization. It's all about engagement and getting on the field. It's getting your hands dirty. It's seizing the opportunity. It's removing the obstacles. It's having the courage to break out of the traditional norms. Once we had the right team in place to lead this company through its transformation, we started working to restore credibility with our customers, our shareholders, and our employees. To win back the confidence of our customers, we re-oriented our entire company to organize around the customer, aligning the business to the end-market segments and intensifying on focusing on making our customers successful. To accelerate this progress we invested in our brand and delivered a unique customer experience. We also invested in people, processes, and tools. To build customer loyalty we set about consistently delivering on our promises by providing unique flexibility, unique predictability, and responsiveness to the needs of our markets. We set a goal to be number one or number two on all of our customer score cards as compared to our competitors.

As we were working to earn our credibility with our key stakeholders we were facing a lot of challenges in our sites in Monterey, Mexico, our largest site in North America. Just prior to the time when I became CEO there was a large and fast shift of business from various North American sites to Mexico. All of our customers wanted to be in Mexico and we naturally accommodated them to keep them happy. The cost was tremendous to the site. The site did the best they could to manage all the new business coming their way and accommodate our growth. It involved finding capacity for new customers, and finding and hiring people quickly. The site simply couldn't digest the business that was coming their way and this led to a number of dissatisfied customers as well as a major inventory challenge, which contributed to a significant financial loss for our company.

This was a very challenging time for a new CEO to come on board with the mandate of fixing the company. Not only did I have to win over employees, begin the process of building credibility or rebuilding credibility with our shareholders as CEO, but it was also my responsibility to restore trust and credibility with our board of directors. Just a month after taking the CEO role I had to tell the board that we were going to announce another quarterly loss, one of the biggest in our company's history and that we would also lose money the next quarter. I committed that by July that year we would have the people, the material, the methods, the machines and equipment in place that would serve as the foundation of our turnaround in Mexico. It was a difficult conversation but a necessary conversation. The board was understandably impatient but they also reinforced that we had to take the time to get it right. Had we taken another approach, tried to over-promise and under-delivered, the results would have been much worse.

Soon after the conversation, I decided to host the first board meeting at our site in Monterey, Mexico, to give the board a full opportunity to meet the team and actually see the facility. I knew that a successful and strong Monterey, Mexico, operation was pivotal to our turnaround and our future success. I was convinced we had the right leadership, talent and commitment of the entire work force to be successful. By meeting the Mexico team, the board was able to see firsthand that the Monterey team had the talent and commitment to turn around the site and be profitable again. Re-building the trust of the board and their confidence would only come through time and results as we looked to the future.

We did improve the financial performance in Mexico by implementing aggressive actions, improving IT, dramatically changing our warehouse logistics, strengthening our local management team, and driving the efficiency, costs, performance, predictability, and flexibility that our customers demanded. As we began this journey in 2007, an employee walked up to me in Mexico during a shop tour and gave me a picture with the theme "never give up." This picture is still in my office today as a reminder of what people are capable of doing if you support them. We must always remember that true winners know how to succeed over the long term, which is defined as repeat performances and continued achievement. Never give up, never accept defeat, work as long and as hard as it takes to get the job done right. Do not let people tell you why you cannot do it. Communicate with confidence even in the most difficult of situations. Set expectations up front, have the courage to listen to people who did the work tell you something you didn't want to hear, support them to do what they told you, and give them the necessary tools to make it happen. That was the new leadership approach we brought to Mexico and this is the way the site turned around. We're very proud of Mexico today. It's just one location but it gives you a sense of what people can accomplish when you give them the right environment, you motivate them, you reward them, and you inspire them by showing confidence in them. This site is now ranked as one of the top performing sites in our global network and has just been rated by our largest customers the number-one site out of nine sites that they've got serving them around the world.

Amidst the rising competition in Asia in this uncertain time, my third key challenge when I took over as CEO was to narrow the company's focus. Clearly we were trying to be all things to all people and not doing any of it very well. This time we set out a new goal as a company—to be the best in our industry, not the biggest as measured by our customers, employees, and shareholders. When our customers told us that we had the best and brightest people, and that speed and flexibility were their biggest un-met needs, we were able to narrow our focus to markets that played to our strength, the high complexity, the high technology where safety, reliability and intellectual property mattered, and to start to further empower our people to deliver the speed and flexibility that our customers were asking for. We recognize that based on the sheer scale and size of our Asian competitors in this space the lowest cost was not our value proposition. We were going to be a value player. First we stopped asking the question why we weren't like Foxconn, the largest company in our industry. We have a clear vision of why Celestica exists, what we need to focus on to win, where we should win, and recognize that we can't win everywhere doing everything. That being said, 50 per cent of our revenue comes from our Asia operations today.

That takes me to my second theme—passion. Motivating a global culturally diverse organization to embrace a new corporate vision required us to make it personal for every employee. You can't manufacture passion; it has to be genuine. You do it by giving people opportunity, responsibility, and accountability. The command-and-control management style is not relevant or effective today. It's about empowering and engaging people and holding them accountable. It's showing them that you're willing to do whatever it takes to remove the obstacles that are keeping them from being their very best. You don't tell people what to do. You coach them, you mentor them, you listen to them, you lead them, and you take appropriate action. As part of our turnaround we established a brand that focused on values and behaviours. That has shaped the way we work together and the way we support our customers. Our brand isn't just about tag lines or posters. It's about employee behaviours based on speed, flexibility, and anticipation. Back in 2008 in the early part of our turnaround, we literally talked to every one of our 35,000 employees personally to help make the brand relevant and personal for them based on their specific role. This made our brand more credible and helped make our employees much more passionate about the role they played in our future. Everyone had such incredible willingness to participate in this company. Going through the fires in the early days of the turnaround has created a very strong bond and beginning to win together now has created an even stronger bond.

A great example of the passion of Celestica is how our employees responded last year to the tsunami and the flooding in Japan. We have a site in Miyagi very close to Sendai and the site of the tsunami destruction. Immediately following the tsunami, almost a year ago to the day, a group of our employees set up a portal so that any employee in our company could communicate with their colleagues in Japan, find out how we could help, and to offer encouragement. As well, Celestica employees on their own banded together across our sites and raised thousands of dollars to support the Red Cross relief efforts in Japan that included medical care, psychological support, distribution of relief supplies such as blankets, food, and basic supplies. The tsunami was on Friday March 11. On Sunday 200 people showed up for work and we were back in production in two weeks.

Another recent example was during this year's flooding in Thailand when a group of our employees took it upon themselves to drive miles through floodwaters several feet deep to help procure the necessary parts so that they wouldn't miss a customer's shipment. They weren't told to do this. They did it because they care about one another and their operation and they wanted to do whatever it took to overcome the challenge together.

These stories are a testament to the fact that behind our transformation are the hearts and minds of our people and we can never forget that.

The third theme is perseverance, which is work as long as it takes to get the job done right. We set out to be the number one EMS provider in aerospace and defence and we are there today. We set out to lead the inventory and inventory performance, and we are there today. We set out to lead our industry in return on invested capital and balance sheet strength and we did that as well. We wanted to make a more significant contribution to the city of Toronto and we decided to work with the United Way. For two years in a row we've been recognized for our commitment and corporate spirit. Perseverance drives us to achieve great things. Perseverance is required to achieve the breakthroughs we need for the future.

Our site in Toronto has been a model for perseverance. It's a site that's been in decline for 10 years as the vast majority of Toronto site's business has been transferred to operations in lower-cost geographies. It's forced a difficult re-examination and a dramatic cost in personal lives of what Celestica's flagship operation has to do to keep going. We had to throw away our traditional concepts of what manufacturing is, and what the role of Toronto is in our future in order for the site to survive. No longer does Celestica in Toronto think of itself just as manufacturing. We're selling time, we're selling trust, we're selling expertise. That means we're selling solutions that have to get products to market faster than a container ship coming from Asia. It means being able to support the customer's brand by servicing products in these local markets. It means leveraging a team of over 700 people who are totally committed to making our company successful as well as their customers.

In this last year over 80 per cent of what we're doing in Toronto is different from what we were doing three years ago. We have added 500 jobs this year on the corner of Don Mills and Eglinton. We are providing commercialization services to emerging companies in the city looking to compete on a global scale, after-market services for companies that require a local solution and we're expanding in the industrial, aerospace and defence, and alternative energy markets. Overall we're fostering an entrepreneurial spirit where every employee is an ambassador for the company and our transformation. We're working together differently. We're sharing our expertise. We're solving problems. We're generating ideas to help our customers be successful. In our hearts and minds today manufacturing is more about global supply chain solutions than arms and legs and machines. In innovative global supply chain solutions that are flexible, responsive, and predictable, we are committed to be the best in Canada and the best in the world.

For our Toronto location this transformation has just begun. We are one of the largest technology companies in Canada today and we're developing an eco-system around us which includes government, universities, suppliers, customers, and associations. Through this eco-system we want to foster a stronger environment for innovation in Canada. We feel we have a lot to offer in this regard through our ability to commercialize products, launch them on a global scale, and for our expertise in managing complex global supply chains.

I talked earlier about changing the game, moving from a pure manufacturer to a service-based company. This is a great example of our strategy. We're a proud Canadian company and we want to do more to help Canada. The Canadian-based companies create great opportunities for the people of Canada, which in turn will create more growth, more jobs, more investment, and more prosperity for everyone in the future.

I've shared our stories about Mexico, Japan, Thailand, and Toronto today, but every one of our locations has gone through a transformation of its own. We're in a tough industry and our sites around the world overcome challenges and adapt to their environments and markets every day. From Toronto to Mexico to Thailand to Japan, we're one global team with one vision. By working together and supporting one another, we will achieve breakthroughs. Our transformation journey continues. I'm proud of our success so far.

I'd like to take a moment to thank our stakeholders here in the room today for supporting us. I'd also like to thank our 35,000 employees around the world for their dedication and commitment to our company goals and making this company great. The people give us confidence in the ability to go to the next level of the company. I know it when I see it. It's the fabric that binds us together. The way people talk about their customers from the factory floor to the executive office, the pride in this company, the pride in each other. When you see the rising stars of tomorrow in our company, it gives you great confidence that we are looking at the future whether they are in Malaysia, China, Mexico or Toronto. We're basically all the same in the way we want to make a difference. It's a very tough industry but each one of us chooses to work here and each one of us has a different reason to be here.

This is a unique history, which has developed what we are today. Ingrained in us is a focus on technology, a passion for continuous improvement, and a culture based on values and the empowerment of people.

Thank you very much for joining us today and I'd be more than happy to answer any of your questions. Thank you.

The appreciation of the meeting was expressed by Andrea Wood, Chief Legal Officer, Wind Mobile, and Director, The Empire Club of Canada.

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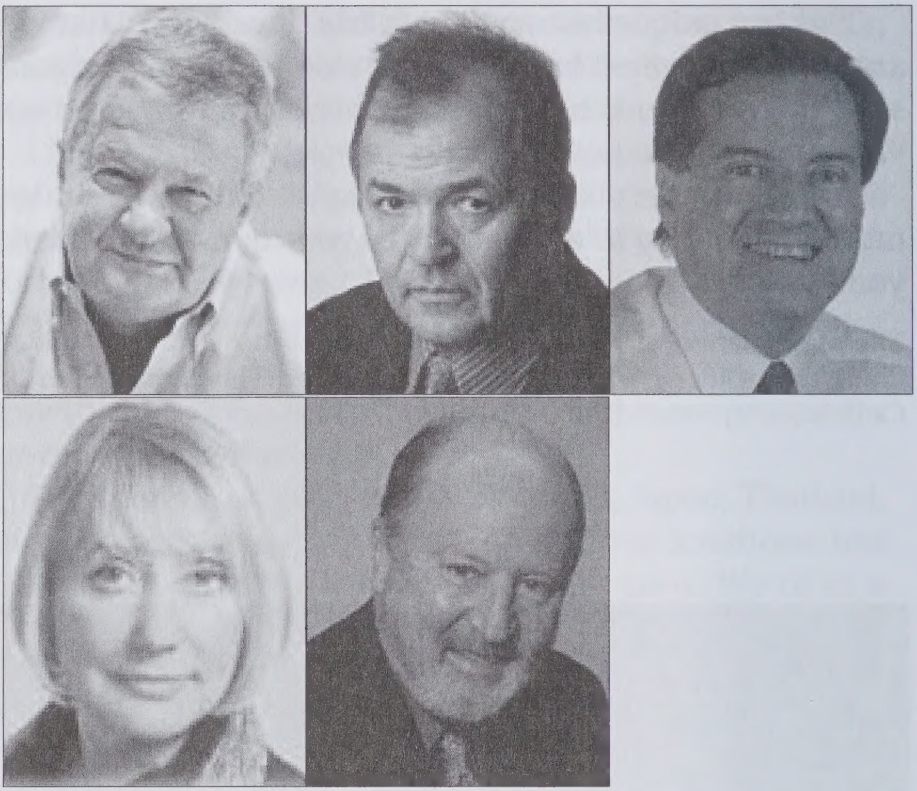
THE EMPIRE CLUB OF CANADA

Craig Muhlhauser, President and CEO, Celestica, at the podium of The Empire Club of Canada.



March 21, 2012

Tony Burman

Velma Rogers Graham Research Chair in News Media and Technology, Ryerson University, and Former Head, Al Jazeera, CBC News

Michael Cooke

Editor, Toronto Star

Lorrie Goldstein

Senior Associate Editor, Toronto Sun

Margaret Wente

Canada's Leading Columnist, The Globe and Mail

John Fraser

Master, Massey College

MEDIA PANEL
JOURNALISTIC ETHICS: ARE YOU KIDDING?

Chairman: **Verity Craig**
President, The Empire Club of Canada

Head Table Guests

Natalie Turvey, Executive Director, Canadian Journalism Foundation; Robin Sears, Senior Partner, Navigator Ltd., and First Vice-President, The Empire Club of Canada; Captain Dr. John S. Niles, Senior Minister, St. Andrew's United Church, and Past President, The Empire Club of Canada; Melina Trimarchi, Student, Rosedale Heights School of the Arts; and M. J. Perry, Vice-President and Owner, Mr. Discount Ltd., and Director, The Empire Club of Canada.

Introduction by Verity Craig

I want to very quickly recognize a few special guests in the audience. I am delighted to let you know that we have two tables of students from Rosedale Heights School of the Arts and George Brown College. Students, thank you for joining us. Please rise and be recognized.

I would like to now ask the panel to take the stage and turn the microphone over to Robin Sears who will introduce our panelists.

Please join me in a warm welcome to our host and panelists.

Robin Sears

This has been a long time in planning and trying to put together on account of schedules and complications in life. I have to say regrets on behalf of my friend, Bob Lewis, who is the President of the Canadian Journalism Foundation. A family emergency didn't allow him to play the role he was going to play today. I'm very grateful to my friend, John Fraser, for stepping in at the last minute. I just wanted to frame the discussion as follows.

We began talking about this last fall in an informal way. It was initially triggered by the scandals in the United

Kingdom around the Murdoch papers. Then it got another jolt of attention when Sun Media decided to withdraw from the Press Council and triggered a long discussion among journalists and others about the role of regulation in the media. Then it morphed into a recognition that the digital media were after all changing the environment in a rather dramatic way around all of these other minor explosions.

I was very grateful that a group of men and women who I regard as basically the gold standard in Canadian journalism were willing not only to do this but to come together as a group in advance and actually talk about how we were going to do it. Let me just say very briefly a few words about each of them.

Starting on my far left, Tony Burman, apart from being a full professor these days, is actually one of the pioneers of serious television news journalism in Canada, having led the CBC news operation for many, many years, and then going on to kick Al Jazeera's English network into orbit which he did very successfully before returning here to teach a new generation.

Beside him, Michael Cook, who is another veteran of a whole variety of media organizations including the Toronto Star, the Vancouver Province and Chicago Sun-Times, started, as you will recognize when he opens his mouth, in English journalism and brings a particular two-continent sensibility to the issues of ethics we're going to talk about today.

Fraser is one of those Renaissance men that I could waste the rest of the lunch describing biographically. Simply let me say he has taken Massey College and turned it into one of the centres that makes this city great and we're very grateful for him and his journalistic role prior to that.

Lorrie Goldstein has been one of the elders of the Toronto Sun and is an old friend.

Finally, my friend, Margaret (Peggy) Wente, who having decided that being an editor and part of management at the Globe was not much fun, has turned herself into one of Canada's most respected columnists.

We're very lucky to have them here to talk about journalistic ethics. Are you kidding? Please welcome them to the stage.

John Fraser

What fun it is to be up here with you guys. Maybe I'll start with a little tale from my own past, my first attempt to get a job at the Globe and Mail. I was interviewed by the managing editor, Clark Davey. A summer job is all I wanted. I was at university in Newfoundland, I'd come back for the interview, and he asked me at one point what I thought of Joseph Smallwood. I said, "Oh, an interesting character." He reached down in the lower drawer of his desk, pulled out a file and said, "He's a goddamn crook. We've got the goods on him and we're going to prove it next week when we publish it."

A minute later he said, "I have to go out but stay there." I remember looking at that file. I could feel the magnetic pull. I thought, "John, you're trying to get a job here. Just control yourself," and I didn't look. A few years later when I finally did get a job because I didn't get it that summer, I found out that that was the reason I failed. That was Clark Davey's test to see if I'd look in a file that he left on top of a desk.

Let me start right away with Michael Cook. Michael, just before you answer this very quickly with an unequivocal no, have you in any of the papers that you've been associated with, and I'm not just picking on the Star, ever used any underhanded tricks to get a story or presided over a story that went in that makes you, when you look back on it, wince a little?

Michael Cooke

No. The answer to that is no.

John Fraser

That's the truth machine.

Michael Cooke

Is this what it's going to be like today? We've used, I think, benign deceit to get stories, stories that are overwhelmingly in the public interest. We do that relatively regularly. A recent example would be Dale Brazao who pretended to be a grubby, 65-year-old man when he went into a nursing home and documented people lying in their own excrement and horrible things happening there.

We did it with Jennifer Yang, who went undercover into one of those school degree mills where she pretended to be a high school student and needed to get her marks up. She paid money, $500, to get mathematically impossible marks. That kind of benign deceit, I'm not even sure I'd call it deceit, but that kind of undercover work we don't regret. It's for the public good. I think it has to be overwhelmingly, demonstrably for the public good and it has to be able to endure very close scrutiny. We do that.

One of the reasons we're here today is because of the phone hacking in Britain. We do nothing like that. I've never heard of it here. I'd never heard of it in England until it came up a couple years ago. I think the thing to remember about the phone hacking scandal in British newspapers is that the scandal was revealed by a newspaper. It was revealed by, as it so often is, a lone investigative reporter, Nick Davis, working on his own at the Guardian who just blew the lid off it. He worked really hard.

I know that when you look at those whom people trust in Canada at the top of the list are firemen. When you work your way down a couple of dozen you get to CEOs and below CEOs are politicians and below politicians are journalists. We have some work to do.

We're in trouble on trust but trust is all we've got. Trust is what we've got in the bank. It's credibility. It's what we trade on. It's our brand name. If it's in the paper, you've got to believe it and if we're wrong, we've got to correct it very, very quickly and we need to be transparent. I believe in giving our readers lots of access to the paper particularly through, when we can't help them or they really think they've been hard done by, the Ontario Press Council, which is an organization right now that's in serious trouble. It is a mystery to me why 27 Sun papers have pulled out.

That was actually my lead-in to you Lorrie. Why did you pull out? I'll get even with you. Don't worry. I'll get them back.

Lorrie Goldstein

I wrote this nice speech about that. Could I give it now?

Michael Cooke

Yeah, give it to them.

Lorrie Goldstein

I'm going to stand up if that's okay. I'm not as informal as Michael, not as quick on my feet, so I've written it down. Thank you.

First off, I want to thank the Empire Club and the organizers and Robin for inviting us to today's panel on journalistic ethics. It's a thrill for me to be here today. We're not invited often to these esteemed media panels on media ethics and then everyone attacks the Toronto Sun in our absence. If media panels on media ethics can be compared, as they often can be, to a child's birthday party, the Toronto Sun would be the piñata.

I understand my role today from Robin is not to be the piñata but to outline the libertarian position on media ethics, explain the Toronto Sun's recent decision to leave the Ontario Press Council and comment on how, without self-regulatory bodies, we can avoid the worst excesses of irresponsible journalism, such as the U.K. phone and voicemail hacking scandal and email hacking scandal.

I also understand I have three minutes so I'll be brief. First the impetus for this discussion isn't really about media ethics. It's about a belief on the part of some journalists that if we don't in some symbolic, insubstantial way regulate ourselves then the government will do it for us. We see the performance of governments all around us every day. If you were going to use a word to describe governments today, is the first word that would leap to your mind "ethical"?

Of course, many people don't think we in the media are ethical either. Do voluntary media councils, to answer Michael's question, insure media ethics? Of course not. The Ontario Press Council, which we recently left, has no power to make the media ethical. It doesn't protect your rights. It takes them away. If you complain to the Ontario Press Council, practically speaking, you can't sue in civil court or in Small Claims Court.

The Ontario Press Council can't punish or discipline journalists. It can't fine newspapers or fire us. It can't even make us apologize. All a member paper has to do is to publish its decisions, as convoluted and incomprehensible as they often are. Nothing happened to us. We left the Press Council because after many years we grew frustrated with an organization that to us was not fulfilling its mandate of mediating between aggrieved ordinary citizens and the media. Instead it was allowing itself to be misused by special interest groups to harass us because they didn't agree with our political views and our views of the world.

Actually, it's not true that nothing happened. Torstar chairman, John Honderich, wrote a column about our departure in the Toronto Star where he argued that, "At a time when the very integrity of tabloid journalism is under a worldwide microscope with Britain's phone hacking scandal, this is yet another blow to the public's confidence in newspapering." I like John Honderich. He's a very smart journalist even though the fact that he works for a broadsheet newspaper doesn't therefore make him perhaps the best judge of what tabloid newspapers do.

I understand John and the Toronto Star's attachment to the Ontario Press Council since the Toronto Star, which is a very good newspaper, along with a number of other liberal thinkers like Senator Keith Davey and Tom Kent, were the driving forces behind its creation. I also have to tell John that we sit around the Sun and talk about ethical issues and I suspect this is true of other newspapers. The first thing that enters our minds is not WWJD. What would John do?

John also wrote that as a result of our decision to leave the Press Council Sun Media will abide by its own standards of journalism and not be accountable to anyone. That's simply inaccurate. We're bound by the same defamation and other laws that apply to all media. When we inadvertently violate these laws, we suffer the slings and arrows of lawsuits before courts that wield real power.

We obey properly authorized police warrants. We do not seek any special rights to protect our sources in court or in law. In fact, unlike some media, we're wary of laws that give journalists special rights. We do not claim as some media do that if someone is upset with what we write and organizes an economic boycott against us, that that's censorship. That's the free market at work and while we may not always like it, that's the way it should be.

I agree with the views expressed by another fine journalist, Glenn Garnett, Sun Media's Vice-President of Editorial, who made the decision to pull us out of the Ontario Press Council. He made the decision. No one else. As Glenn wrote, "Press councils, like many journalistic traditions of the latter twentieth century, are vestiges of another epoch. In an era of collaborative newsgathering, instant audience feedback via commenting and social media that applaud or deride a reporter's story in a viral fashion a million times faster than any press council can issue a finding is the way news has changed. The rights of news consumers to be heard and to exercise the right of reply have never been stronger."

As for what happened in the U.K., the U.K. has a Press Complaints Commission. We can all see how well that worked. The solution for journalists who hack people's private emails and voicemails is not to appear before a press council. If they did it and if their editors countenanced it, they belong in jail. If you put them in jail, that will do more for media ethics than all the press councils in the world.

Thank you.

Michael Cooke

The truth is the Press Council gives access to justice to people who can't afford it. There's no legal aid for a libel case. It is for people who don't have access to money and power. I don't know what you're scared of. The people who've been on the Press Council include Christie Blatchford, Rob Granatstein and a couple of Tory ministers. It's not politically biased.

Lorrie Goldstein

Do you want me to answer?

Michael Cooke

Yes. I'm enjoying it.

Lorrie Goldstein

Originally, when the Press Council was formed, I agreed with it. I was one of the advocates at the Sun for precisely those reasons. What happened was I kept having to appear to defend things like a cartoon because it upset a politician. The cartoon, the Press Council said, was offensive. Yes, it was offensive. It was a cartoon. Cartoons use grotesque exaggeration and satire to make a point. The Press Council also does a thing about columnists and it's good. A lot of it says you're free but then it says something about distasteful language. Who are other journalists to decide what's distasteful in an appropriate language?

The Toronto Sun takes a lot of positions that are unpopular. Our publisher is against the death penalty adamantly but many of our journalists are in favour. There was a recent poll. It showed 54 per cent of the public believes in the death penalty for certain offenders. In the vast majority of the Canadian media saying that you're in favour of the death penalty is likely to get you condemned in the media as right-wing, gun-toting, Alberta-loving, and oil sands promoting. I'm sorry. In that ethical world, we don't want to play.

I'm not saying the Press Council should disappear. It's a club. It's a club that was formed by the Toronto Star and some other newspapers. It cost us some money to go in and we used to do it. We don't want to do it anymore. You should live long and prosper with the Press Council but we don't want to be part of a club that would have us as a member.

John Fraser

We can come back to this but I want to get the whole tension level down and just discuss Al Jazeera. Actually, I'll get you to account for your sellout to Al Jazeera in a second, Tony, but I couldn't help smiling inwardly as another recovered journalist who is hiding out in academe to see that you're the Velma Rogers Graham Research Chair in News Media and Technology. I remembered the last scene in Ben Hecht's "Front Page" in which the odious editor who's done every conceivable dirty trick in the business is finally removed. You can see the scratch marks on the desk in his office. Someone comes by at the very end of the play and says, "Where's Mr. Burman?" And they say, "I don't know. He's teaching ethics at Columbia."

What an interesting career you've had, going from the state broadcaster in Canada in which you've always had to fight harder to make sure that the government knew that you were not sold goods to Al Jazeera which I don't know that much about, but which you seem to have helped transform into a credible agency, the English end of it. What kinds of conflicts would you experience at Al Jazeera? I'd just be really intrigued to know. Is it a difficult master to work for?

Tony Burman

I'd been in charge of CBC News and Current Affairs for almost eight years. The CBC is a public broadcaster, not a state broadcaster. It's a public broadcaster. Actually, Al Jazeera is a public broadcaster in the sense that it gets roughly the same percentage of its funds from the government in Qatar. I did seven years as head of news and current affairs at the CBC and three years as head of Al Jazeera English based in Qatar. There was a firewall between the government of Qatar and Al Jazeera. I never, ever, had a clue as to what it wanted from its broadcaster or Al Jazeera whereas I think that anybody at the CBC knows bloody well what the government of the day wants at the CBC.

In that sense there was no real conflict. I think if I can, with your permission, John, just get back to some of the points that Lorrie made. Obviously when I was at the CBC I did not deal with the Press Council. We had our own kind of broadcast regulatory environment. I guess my thesis is that journalists are down at the bottom in terms of public esteem, including here in Canada, for a reason. I think that collectively those of us who care about journalism and care about the public's appreciation of what we do should take this very seriously. I guess my thesis would be not to be as complacent as I sense Lorrie is in this regard. Humility is not a characteristic that you associate with journalists and it's very uncharacteristic of me to be humble in this regard. I have the added burden having worked most of my life at the CBC of being genetically programmed to be a self-righteous, pompous twit. I hope you feel my pain. Actually a few days ago, somebody told me a joke that's somewhat relevant here. At this household down the street, the doorbell rings and the daughter kind of goes to the door and says, "Yes?" There are four people there and they say, "Hello, we are journalists." All of nine years of age, she looks at them and shouts back to her dad, "Daddy, there are four people here who say they're journalists. What do I do?" The response that came back was, "Don't worry, dear. Just tell them to leave the pizza at the door and I'll pay them later." I think that's somewhat of a reflection of where our standing has gone.

I think like everybody I'm sure in the room that we've kind of been focused on the Murdoch scandal in great detail and I totally understand this idea that what happened there happened there. It did not happen here. I think we are blessed with having quality news organizations that have the kinds of culture that would prevent it. I think that this is a small world. After my years in Doha I spent a year in Washington DC until last September and in my view, quality, particularly of the broadcast media but also a lot of the print media, perhaps with the exception of some of the quality newspapers, is really going down and has gone down.

I think it's a reminder that the public knows what we sometimes deny, which is that journalism, like so many things, is a universal world and that the incredible diminution of the standing of journalists in Britain is contagious and I think polls reflect that. I think that the fact that the Canadian public would be skeptical of our motives has perhaps more to do with some of the errors of journalists outside Canada but who cares? It's still something that we've got to be conscious of.

I think it's really becoming clear now what the Leveson Inquiry in Britain is going to call for. It's going to call for very tough self-regulation that basically doesn't kick the ball simply to the proprietors and doesn't make it kind of a very weak-kneed process as Lorrie correctly points out it has been up to now. I think they'll come up with some sort of strong way that the public can look at this scandal and say, "Okay, at least somewhere in this incredibly commercial kind of world the public interest is protected."

My point is that I think Canadian journalists should be smart enough to realize that the clouds that are forming in Britain do tend to move our way at some point and are now already over many parts of the American media and that I think we should pre-emptively take that on board which is why I do. I'm not intimately familiar with the Quebec Press Council but I think the idea of pulling out of the Press Council and letting the marketplace determine it is ludicrous. That's exactly what happened in Britain. I think we should learn from that because I think there's not something that's genetic about the Brits and about tabloid journalists or about journalists in general that makes them kind of veer in a direction that there but for the grace of God, go we. That's my point.

John Fraser

Just before I go to Peggy because she has a very different perspective than you guys now because she was an editor and now she's a columnist on Island Wente and can survey her own world. I just thought it might be useful, and I hope this doesn't sound like outrageous self-promotion, but I've done this book on the Crown in Canada. In the course of it, I did an interview with a psychiatrist at CAMH in mid-career, Jamaican-born, and trained at the Great Ormond Street hospital in London. In the course of doing the research for this book, I ran into him in Toronto. He told me he'd had a run-in with the News of the World. It's just a nice, short glimpse into how that newspaper operated before the axe came down. He was phoned because his supervisor, this senior journalist from News of the World told him, was probably consulting with Princess Diana because they were pretty sure she was having a nervous breakdown and they knew the two code names that she used. He said, "I wouldn't know anything about that. I'm working in the public sector and that would be a private patient." They said, "Oh, we know that. All we want you to do is check his appointment book to see if either of these code names are there." He said, "Why would I do that?" They said, "Oh, because we thought you wouldn't like what we're going to print about what you've been up to if you don't help us." He said, "I haven't been doing anything." They said, "Hmm, maybe. We also thought you probably didn't have the money to disprove it if we write it." So he looked. I didn't ask at the time about the ethics. I said, "Why?" He said because he was coming up from the tube every day after this happened for two days and he could see his black face on the front of the News of the World. He knew no matter how true or untrue it was he'd be finished so he looked at it. I said to my wife on the way home, "Why didn't he just call the police? It's blackmail. It's a criminal offense." She said, "Because the police would have phoned the News of the World to say your man's not reliable."

We had a toxic situation over there. That's my lead-in to Peggy Wente. She's been an editor. She's in this wonderful world. She's one of the leading columnists in the country. She's allowed to opine as she wants. She's trusted. Columnists aren't expected to be fair. I'm wondering whether there are things that make you wince at night thinking back on things and columns you've done. I'm just trying to probe here a little. Like how mean you were to Mrs. Weston when she became lieutenant-governor, things like that.

Margaret Wente

I changed my mind. I'm going to approach this from a slightly different angle. I'm going to start out by saying that this discussion seems to be so last century. All of us up here are from the legacy media, also so last century. Look at what's happened in the last 10 years. We've got the explosion of social media. We've got Twitter and blogging. Who's a journalist these days anyway? Is Andrew Breitbart a journalist? I don't know how many of you people know that name but he was a fire-breathing, right-wing blogger in the United States, enormously, enormously influential. He died a couple of weeks ago. He was one of the most powerful voices in American journalism. He belonged to no establishment, to no media. He was self-employed, incredibly powerful.

What about Rush Limbaugh, the guy who used his extremely powerful position to call somebody who was advocating for birth control a slut and a prostitute? Who's going to take him off the air? My point is that the media world has exploded in many, many what feels like unpleasant ways. The whole idea of regulation, of regulating all this cacophony of voices in this new media circus, strikes me as talking about how you're going to close the barn door after the horse galloped away about 10 years ago.

This is the new world we live in and it's completely different. We still talk about the media as if it were the same steady, stable institution that it was between the 1950s and the 1980s when there were three television networks and every big city had two newspapers. You could have a regulatory body that would regulate all of these things in an orderly way. There were common standards. Everybody knew what they were. That was nice and comfortable. That world was high-minded. It was safe but it also had a downside. It was stifling and conformist and certainly not as diverse as the media world is today.

I don't think that our regulatory instruments are up to coping with this new world quite frankly. I think that old media are really struggling in all of their various different ways to try to incorporate and take the best of what the new media have to offer without being really corrupted by them.

I'll give you an example of what's happening in old media because this is changing I think quite profoundly and will continue to change our news judgments and maybe even our ethical judgments over time. At the Washington Post today—this is a big establishment newspaper, you don't get more establishment than that—the new editor has big screens up in the newsroom. It's a rolling screen of how many Web hits their stories are getting, how many people are scrolling in to hit them on the Web. I'll tell you what gets Web hits. It's easy, very, very, very easy to get Web hits. If you're a columnist, you write a column that says, "Sarah Palin was caught having sex with a polar bear on an ice floe that was melting because of global warming," or something like that. It is not hard.

John Fraser

That was last year.

That was last year. This year it's something else but you get the idea. That, my friends, is what gets Web hits. At the Washington Post, if they're not getting enough Web hits, a message goes out to all the section editors saying, "Gotta boost those Web hits, guys. Spice it up. Put something else on there." That's the Washington Post.

Here at the Globe and Mail we have the same thing in the newsroom that says how many hits each story is getting in order from number one which is the top, usually something about sex or else how to fry the perfect egg, something like that, down to number one thousand which is usually something very process-oriented. People say, "Oh, we don't really pay much attention to that." If you have this big screen in the newsroom that everybody is reading—I don't know if the Star has this; if you don't, you will—you do. You do.

The old media are trying to figure out how to adjust to the new media but is our editorial judgment going to be affected by that stuff? Absolutely. As a columnist, I'm right now writing in a world where everybody has the attention span of a gnat, where the voices out there in medialand are more polarized, more raucous, more hysterical than ever before. Is that going to change any time soon? No, I think it's going to become worse, especially in an age where we are all struggling for the attention spans of people who now have the attention span of a gnat, and struggling for the attention spans of people in that table over there who probably spend very, very, very little time with the legacy media as something that you hold in your hand or watch on real time on your television screen. I think it's these things that are going to be posing the most ethical challenges to us in the future and we probably should have somebody younger than us up here to talk about how they're going to handle that.

Lorrie Goldstein

I'd just like to comment on something that Peggy said. I can do it later if you want.

John Fraser

Standing up or sitting down.

Lorrie Goldstein

I'll do it sitting down. I'm not as pessimistic about the future. First of all, the complaint that newspapers have is that they use our stuff for free and then they complain about us. Huffington Post, all these other sites. If you look at the journalist down the side, who are they using? They're using people who can think clearly and critically. Who are those? Those are legacy media. Peter Worthington on Huffington Post writes some of the best stuff on there because some of it, a lot of it, is incoherent.

The second thing is that I think things like Twitter, particularly Twitter, which I do a lot of, has made us more honest. It used to be that if you're in Canada and you write about the president of South Korea who cares if it's right or wrong? What were the chances he was going to see it? Now they see it like that.

Plagiarism has always been a problem in journalism. Frankly in the past by the time people complained and wrote to the editor and the editor got real defensive, who knew what was going to happen? If you plagiarize somebody today, I guarantee you one of those Twitterers, who may or may not have the attention span of a gnat but they know how to find stuff, will nail you so you better not do it. With press councils and regulatory bodies, you're talking about watchers. Who are the watchers? What the social media has done is made you our watchers, has made young people our watchers, and that's good.

John Fraser

Michael wants to talk. That's a really interesting area because you're arguing that you've got a sort of citizens' press council out there that's doing its job.

Lorrie Goldstein

Yeah, if I plagiarize, they're going to know and they're going to tell everybody.

John Fraser

What are the consequences of that? Does it not just fly away with the same ease that it comes in?

Lorrie Goldstein

If somebody tells me that one of our journalists, let's use me, is plagiarizing, that person should be fired. You don't need regulation. I should be fired. Simple.

John Fraser

Mr. Cooke, do you check the number of hits on your stories every day?

Michael Cooke

Yes, we do and I have to say I don't quite agree entirely with what you're saying, that you can predict easily what the Web is going to like, what it's going to adore, but it is there. Editing for the Web is teaching us different things than editing for a newspaper. A couple of nights ago, we had a story of the man who killed the policeman and he's in jail with Bernardo and Russell Williams. He's behaving so disgustingly that Williams and Bernardo can't take it anymore and they've transferred that person across to B.C. or somewhere. We thought about that story for page one and I didn't want it on page one. I don't want Bernardo on page one in that context so we put the story inside. It was the top read story on the Web site the next day.

It's not just those goofy stories. Our top read story in the last couple of weeks, in fact our best read story in the last couple of weeks, has been the long story that never seemed to end. It was a beautiful story, beautiful, magazine-length story of the funeral of an ordinary woman. That got phenomenal hits and it wasn't a squirrel having sex on skis. It's not quite as easy to predict I think as perhaps you said. While it's true that we all know the traditional fourth estate is shrinking and the fifth estate, which includes citizen journalists is expanding, I sense as I think you do, there's a real danger in that. A lot of what is reporting and what is said to be reporting is actually opinion and where people comment on stuff. It's hideous. It's unintelligent and it's hideous. They don't know the damage that they do. They just pull the trigger.

John Fraser

First of all, Michael, when was the squirrel story published? I missed it.

Michael Cooke

I'll send you the link.

John Fraser

Tony, I know you want to say something to add to this. You have such a unique perspective from being at Al Jazeera during this very turbulent era of transition journalism. I'd love to hear some sense of that.

Tony Burman

It was certainly a breakthrough for me because obviously when I was at the CBC we were trying to make the transition between radio and television to online. I don't think we're quite there yet. I think that's why major news organizations still are the dominant, whether you like it or not, kind of vehicle for a lot of information to be transmitted and processed.

The great revelation for me and for everybody at Al Jazeera was the so-called Arab Spring where you had a situation. When I went there in May of 2008 I walked into an operation that essentially saw itself as a TV channel. It was created in 2006 with no real reference to online which was really quite amazing. We had the same challenges that we all have at so-called legacy institutions except that this was one that had just been created.

What happened in the whole Arab protest is that very quickly the governments in power, the tyrannies in power, targeted journalists, particularly Al Jazeera because of its dominance in the Arab world. You had a situation starting in Tunisia, going to Egypt and obviously Syria and Libya, where you had basically Al Jazeera journalists being targeted. They could not report and identify themselves. They were undercover.

What happened is that Al Jazeera in Doha was just flooded, flooded with cell, mobile phone inputs, downloads of all sorts. Literally, there were thousands of bits of information that were flowing into the newsroom. What happened is that Al Jazeera very quickly set up a whole kind of processing desk to confirmation, double checking, that kind of thing. There were things that were almost on the air that people knew were totally fraudulent.

What happened was that reporters who often relied on eyewitnesses in a story, maybe two or three, were relying on a whole multitude of sources. At the end of the day, one figure always blows me—that of the visuals that portrayed the protest, the revolution in Egypt. Three-quarters of them were so-called user-generated. Only 25 per cent of them were actually professionally shot in terms of broadcast.

The reality was that what happened was the established broadcast and news organizations needed to be there to recycle and to rebroadcast and to amplify what was brought in. I think that we will come to a time that Margaret kind of describes, but I don't think we're there yet. I think that in certainly the Arab world but even in North America and certainly the U.S. you still have dominant news organizations, which for better or for worse set the agenda. The question is how do we expand and kind of deal with all of this new input from people.

John Fraser

Let me put you all one degree removed from where we're going. It's true we're into the new media but you all are or were in supervisory positions. Have you any experience of unethical practices that you had to deal with with employees? How did you handle them? Do you have a scale of values, a level of forgiveness with first-timers, that sort of thing? I've certainly had some in my occasional supervisory positions but let's start with Michael. Have you had to discipline anyone in any of the newspapers you've worked in? Fire anyone?

Michael Cooke

Honestly, not that I can recall at the moment. I'll give it some thought as my colleagues are speaking. I would say that the daily application of ethics is interesting to watch. We deal with dozens, hundreds of stories a day—we all do—and sometimes you have to make just a fundamental call. I remember on my first little weekly newspaper. I was at a magistrate's court. A grandma was found guilty of shoplifting. This was a straightforward story, four or five inches. The son comes up and says, "If you publish that story, my grandma will kill herself."

Fast forward 30 years, 35 years, to Toronto. A few months ago, we had that horrible story about the woman who was claiming to be a cancer victim. She was raising money on the back of that and she was criminally charged. We had a phone call from her one night about 9:00 p.m. on the news desk as we were about to reveal this story and she said, "If you run that story, I'll kill myself." Now there's an ethical question for you. What do you do? Well, in both cases, you publish the story.

Lorrie Goldstein

I think we've all dealt with personnel matters and employees and, of course, you don't violate confidences. In terms of an ethical decision that a newsroom faces, let me describe one that was at the Sun. This was the one that leaps to mind when the Islamic cartoons came out. There was a great debate in the media whether to run them or not. I don't think I'm going to tell any tales out of school. We had a serious debate in the Sun newsroom. I was in the camp that said no, we shouldn't run them. Peter Worthington was in the camp that said we should. The editor-in-chief at the time decided we wouldn't. Peter made a very good argument, which was how could you talk about a story about cartoons that are causing riots all over the world and deaths and not run those cartoons? Peter said—and by the way, he is one of the bravest men I've ever known, served in two World Wars—to not run them was cowardice. You take that seriously.

My argument was that the one causing all of the uproar was the one of Mohammed as a suicide bomber. He had a bomb on his head. The Catholic Church right now is in a scandal about the treatment of children, sexual abuse of children. Would we run a cartoon of Jesus Christ as a child molester? That was my position. Both those positions I'd argue are ethically based. It's a tough call. The editor-in-chief at the time decided not to run it. Peter wrote frequently about it and up to this day thought it was the wrong call. For me, that's the best we can do.

Tony Burman

When I was at the CBC at the time when that came up we, dare I say "I," with my senior colleagues, made the decision not to run it for essentially the reasons that Lorrie outlined. I totally understand and respect Peter's arguments because I could see it back and forth. The natural journalistic instinct is to make everything public, but in reality we don't make everything public. We censor 99 per cent of the material that flows in us. We censor, i.e., by choosing this over that. I think our response in the end was not a cowardice issue. It was a question of sensitivity. We could easily in a paragraph describe what the image was and if we were talking about a Christian, the equivalent Christian image, would we even consider running it? If we were talking about an equivalent Jewish image, would we consider running it? In other words, why would there be somewhat of a cavalier kind of approach to the cartoons because they were Muslim?

In terms of the issue that you asked, John, there is so much accessibility for the people now when the material goes out. I think that's a kind of an internal accountability for a lot of people. You now realize you can't get away with plagiarism. Like many of us, I'm old enough to remember when I wrote pieces. They would be locked up in paper in a library archive. Somebody within 10 minutes if they are truly bored can pull everything that I've ever said probably in public and God help them if they try. I think that kind of thing actually keeps us honest.

Margaret Wente

I think a real challenge is always the private lives of public people and what you decide to publish or not publish. I'm wondering if the boundaries are going to start to shift as we move increasingly into a world where everything is public. Everybody puts everything on Facebook and the boundaries between public and private are really erased.

This is a place in which we draw the line far more differently than they do in Britain. I think we should be happy about that. Generally, the media culture here is to be fairly discrete about that stuff. If it's not really, really relevant, you don't publish it. That makes me proud of us. I think that's a healthy thing.

John Fraser

There's a bit of hypocrisy on the part of the British public. It wasn't until the hacking scandal touched them on a level that they could relate to which was the family of the child who'd been killed. Before that it was okay. If it was royalty or sports figures, that was okay. When that reality came then it was like, oh, my God, you might be able to do that to us and so all journalists became monsters. It was an interesting transition.

This country, as you know, is notoriously respectful to public figures.

Michael Cooke

It's not respectful if it goes too far.

Michael Cooke

In this country, it goes too far. We're very respectful, for example, as we might well be about judges. Has anybody seen a photograph of the judge in Winnipeg from yesterday who let the hockey coach off with two years for rape? Anybody seen her photograph? No, you haven't. She won't sit for one. The court won't give us one. That happens over and over again. Then we get into intrusions of privacy as we did in the Tory Stafford case with the ludicrous publication ban by that judge who again wouldn't sit for a photograph or give us a photograph. We have to stake him out in the car park as he's going to his car after his day's work. Is that an intrusion of privacy or should we be doing it?

Lorrie Goldstein

We've had a case in Canada, Vikileaks. The legacy media ignored it. It's a divorce. It's his private life. It was put on the Web by a liberal researcher and then there was an argument about it being public knowledge. It's public documents. It's court documents. What's the problem? Okay, well, I've got a couple of calls with Rogers when my Internet wasn't working for six weeks that I wouldn't want broadcast to the world. I got pretty upset. I'm not looking at anybody but it's human nature. People have divorces. Anybody here want to see their divorce papers if they've been through a messy divorce out on the Web because it's public?

The only other point I want to make is that I think sometimes the public doesn't believe in us as much as they used to. What institution do they believe in as much as they used to? The courts? No. Parliament? No. Church? No. Business? Wall Street? The masters of the universe? No. It might be a little presumptuous for us to think that they wouldn't look askance at us more than they do now that they have more power and now they have access to social media.

Margaret, you reminded me when we had the organizing thing about this. You said to me as we were walking away, "People sometimes forget the crap we used to pull in the media."

Does anybody remember Marilyn Bell? Do you know what went on between the Telegram and the Toronto Star with Marilyn Bell? We tried to steal her away. Not me, I wasn't there but they had an ambulance. One paper had an ambulance to try and steal Marilyn Bell away after she swam.

The best libel lawyer in the country just retired from our paper a few years ago. He kept us honest and when I work as an editor I hear him in my head. That didn't happen generations ago. We have done things to make ourselves better and our audience is smarter and they call it on us. They call us on it more quickly and that's good.

John Fraser

Last comment.

Michael Cooke

What would you do with public divorce papers of a senior cabinet minister that showed beyond doubt that he was a wife beater?

Lorrie Goldstein

That's different. That's a crime. He's committed a crime. You mean that he's been convicted?

Michael Cooke

No, an allegation.

Lorrie Goldstein

These are questions of ethical judgment. I don't know what I'd do until I read it.

John Fraser

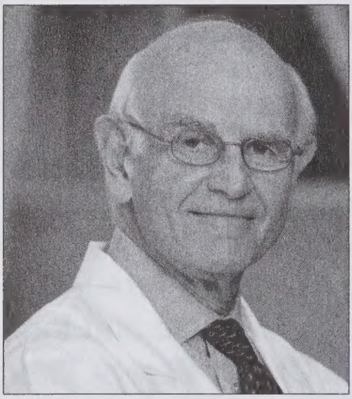
I sense a dark shadow behind me, which means I think we're drawing to a close.

Robin Sears

I don't know about you but this discussion made me very proud of Canadian journalism. I think we're going to have a lot of challenges in the years ahead and there's not likely to be jobs for everybody who wants to be in journalism in the years ahead. The leadership of that industry to me is still exemplary in this country as demonstrated by the gang here. I can't resist since Lorrie opened the subject talking about an era slightly before everybody here, my father's era. The Toronto Telegram retained a Scotland Yard detective named Fabian to come and look for a missing girl who disappeared on Cherry Beach. They paid him a great deal of money to come to Toronto. My father's job every day was to sit down with Fabian and make up a story for the front page of the Toronto Telegram. Things have changed a little bit.

Thank you all so much for coming. Thank you, panel, for a fabulous discussion and we'll do it again soon.

Columnist with the Globe and Mail, Margaret Wente, with Verity Craig, President, The Empire Club of Canada.



March 30, 2012

Dr. Charles Tator

Professor of Neurosurgery, University of Toronto, Division of Krembil Neuroscience Centre, Toronto Western Hospital, and Founder, ThinkFirst Canada

Followed by a discussion with Peter Shier and Justin Rizek moderated by James Cybulski

CONCUSSIONS IN HOCKEY: A SERIOUS PROBLEM AFFECTING AMATEUR AND PROFESSIONAL PLAYERS

Chairman: **Verity Craig**
President, The Empire Club of Canada

Head Table Guests

Lou Natale, Managing Director, NBV Group, and Director, The Empire Club of Canada; James Cybulski, Host, Cybulski and Company, TSN Radio 1050 AM; Ira Tator, Broker, Forest Hill Real Estate Inc., and Son of Dr. Tator; Captain Daniel Saugh, Regimental Chaplain, Queen's Own Rifles; Ted Griffith, Senior Vice-President, Apex Public Relations Inc., and Director, The Empire Club of Canada; Peter Bulut Jr., President, Great Lakes Brewery; Landon French, Vice-President, Sponsorship, Events and Community Relations, Canadian Tire; Peter Shier, President and Partner, Naked Creative Consultancy, Toronto; and Justin Rizek, Former GTHL

Single A and Double A Hockey Player, and Grade 10 Student, St. Michael's College School.

Introduction by Verity Craig

It is my delight and pleasure to introduce our panel starting with Peter Shier.

Peter Shier is a graduate of Cornell University, holds several Big Red scoring records, and was chosen as an All American in 1978. He played six years of professional hockey in North America (CHL) and Europe (Finland, Austria and Switzerland) and played for Team Canada in Russia and Czechoslovakia in 1983. He coached in the GTHL for over 10 years, winning five consecutive eastern conference titles, 3 GTHL championships and one provincial championship in that time. He currently has one son playing Jr A for the Aurora Tigers (OJHL) and one son who had to quit hockey last year after suffering his third concussion in just over eight months.

James Cybulski is a veteran radio and television sportscaster. James Cybulski joins TSN RADIO 1050 as host of the afternoon drive show "Cybulski and Company." Cybulski brings local listeners well over a decade of broadcast experience monitoring the Toronto sports scene.

Upon joining the TSN team in 2006, Cybulski juggled anchor, stand-in host and Toronto reporter duties for "SportsCentre," the network's flagship news and information show, and filed reports on major sports stories in the GTA, including the Toronto Maple Leafs, Toronto Raptors and Toronto Argonauts. Other duties while at Canada's sports leader have included guest hosting "Off The Record," TSN's daily sports debate show, reporting on UFC events, and leading the network's inaugural NCAA March Madness studio show.

Cybulski has conducted feature interviews with marquee sports personalities such as Sidney Crosby, Reggie Jackson, Dan Marino, Georges St-Pierre, David Stern and Gary Bettman, among others. Cybulski also crafted an inspiring report on Jay Triano's life-changing encounter with Terry Fox over 30 years ago. Outside the sports realm, Cybulski has interviewed celebrities such as Will Farrell, Billy Crystal and Spike Lee, as well as funny man Stephen Colbert at the Vancouver 2010 Olympic Winter Games.

With a broadcasting career pushing 16 years, Cybulski has covered top national and international sporting events including three Olympic Games, IIHF World Junior Hockey Championships, several Grey Cups and Stanley Cup playoffs, as well as World

Hockey Championships, NBA finals, World Series and World Figure Skating Championships.

This year, Cybulski was honoured with a Gemini Award for Best Sports Feature Segment for his feature on former Toronto Raptors head coach Jay Triano and his special friendship with Canadian hero Terry Fox, which aired on TSN's flagship sports news program, "SportsCentre." Cybulski's exceptional coverage of the Vancouver 2010 Olympic Winter Games also earned him a Gemini Award nomination for Best Sports Reporting last year.

On top of his countless guest appearances on sports talk radio shows across the country, Cybulski's past on-air radio stints include hosting "Live From Wayne Gretzky's," a Toronto-based interactive hockey show, and the morning show for Team 1040 Vancouver, where he debated everything from sports to pop culture headlines. He has also reported for two Ottawa-based radio stations and "The Score."

In 2010, Cybulski organized a benefit concert in support of Haiti earthquake victims that raised $80,000 for UNICEF.

Lastly I would like to introduce Dr. Charles Tator, Professor of Neurosurgery, University of Toronto, Division of Krembil Neuroscience Centre, Toronto Western Hospital, and Founder of ThinkFirst Canada.

Dr. Charles H. Tator graduated from the Faculty of Medicine at the University of Toronto in 1961, and trained there in research and neuropathology for which he received MA and PhD degrees in 1963 and 1965 respectively. He then completed the neurosurgery resident training program at the University of Toronto. In 1989, he became Chair of Neurosurgery at the University of Toronto and Chief of Neurosurgery at the Toronto Western Hospital and University Health Network. He has trained a large number of neurosurgical residents in the hospital, and many surgeon-scientists in his laboratory. In 1992, he founded ThinkFirst Canada, a national brain and spinal cord injury foundation aimed at reducing the incidence of catastrophic brain and spinal cord injuries. He was President of ThinkFirst from 1992 to 2007. He has published 321 papers in peer review journals and 85 book chapters, mostly in the field of brain and spinal cord injury. He developed the first acute spinal cord injury (SCI) unit in Canada in 1974 at Sunnybrook Medical Centre. He has performed research and written papers on the epidemiology, prevention and treatment of acute SCI. He has examined the role of spinal cord surgery and decompression in both clinical and experimental studies, and identified posttraumatic ischemia and other mechanisms of secondary injury in the pathophysiology of SCI. His acute cord clip compression model was one of the first clinically relevant SCI models in rodents. Currently, he is focused on the use of stem cells for regeneration of the spinal cord after trauma, ischemic or demyelinating disease. He initiated and has held two research chairs at the University of Toronto—the Dan Family Chair in Neurosurgery and the Campeau Family-Charles Tator Chair in Brain and Spinal Cord Research. He is a member of the Order of Canada, and an inductee into the Canadian Medical Hall of Fame. At present, he is a Senior Scientist in the Toronto Western Research Institute and a Professor of Neurosurgery at the University of Toronto. He is the Director of the Canadian Paraplegic Association Spinal Cord Injury Research Laboratory in the Krembil Neuroscience Centre at the Toronto Western Hospital. In 2010, he received the Lifetime Achievement Award of the Canadian Neurosurgical Society and the Ken Langford Lifetime Award of the Canadian Paraplegic Association. In 2011, he received the Lifetime Achievement Award of the American Spinal Injury Association for contributions to the field of research and patient management in spinal cord injury. In 2012, Dr. Tator received the USA Hockey Excellence in Safety Award for his work in preventing brain and spinal cord injuries in hockey.

He has published many articles on injury prevention with a focus on prevention of brain injuries and spinal cord injuries. In 2008, the University of Toronto Press published his edited book "Catastrophic Injuries in Sports and Recreation, Causes and Prevention—a Canadian Study." In 2009, he reported in the Canadian Journal of Neurological Sciences that spinal cord injuries in hockey have declined as a result of injury prevention programs. He is Chair of ThinkFirst's Concussion Education and Awareness Committee with members from across Canada. This committee has conducted numerous public presentations on concussion including the "Concussion Road Shows" held in 14 cities across the country from 2005 to 2011. ThinkFirst is one of the leading agencies for the promotion of safety for Canada's children and youth and has developed and disseminated targeted injury prevention programs for schools and sports and recreation. Many of its concussion resources are downloadable from thinkfirst.ca. In 2009, he developed the Canadian Sports Concussion Project at the Krembil Neuroscience Centre, Toronto Western Hospital, to conduct studies on brain degeneration related to repeated concussions in brains willed to the centre by concussed athletes and their families.

Ladies and gentlemen, please join me in welcoming Dr. Charles Tator.

Charles Tator

Thank you, Verity, for that lovely introduction which boils down to the fact that I have insomnia and I am also a workaholic. It's a pleasure to be here and I see so many people that I recognize and too many to acknowledge from the podium. Thank you for coming and thank you for your previous support. This issue of concussions in sports and especially in hockey, both among amateurs and professionals, is one that has really exercised us. Many organizations have put their heads together, if you will excuse the pun, to try to tackle this problem and in particular ThinkFirst Canada and its committee on concussion education and awareness, the Ontario Neuro-Trauma Foundation, the Dr. Tom Pashby Sports Safety Fund, and my own hospital foundation. It really has required a huge effort to try to tackle this problem. In the next 30 minutes or so we will try to give you quite a bit of information about this. These are the 10 questions that I would like you to be able to answer at the end of the next 25 minutes or so. These are issues that we will have all come to recognize as being important.

Here's the other five that you will be tested on before you leave the room and your boss will be told how well you do. Think of yourself in school today to learn about concussion and put it into its context of injury in general. I think the important message is that injuries really are an important issue in Canada today. I see many people here who are less than 45, so you qualify for this statistic, which is that your leading cause of death up until the age of 45 is in fact trauma. We have to be much more vigilant about trauma. In my view, the problem is still at epidemic proportions—in other words, the whole trauma picture and within that brain injuries and within that the issues of concussion.

It is the most frequent type of injury to the brain that we have. Just to take a survey, "How many people here have actually had a brain injury?" A few hands have gone up. If I ask the question a little differently, "How many people have had a concussion?" A lot more hands have gone up. That is lesson number one. You should have put your hands up the first time because a concussion is in fact a brain injury. It is the most frequent of the brain injuries and unfortunately its incidence is very high. This is a research study that we did a couple of winters ago. We found that 25 per cent of the kids playing junior hockey were concussed in a single season, so there is a problem that we need to deal with. The types of brain injuries are shown here with concussion at the top.

Concussion is a brain injury, not as severe as other brain injuries that killed three youths in this motor vehicle crash. Four dead here, all brain injuries. They look pretty horrible. This is a brain injury that I had to deal with during my career. You can see how badly damaged the brain can get. Virtually all of these are preventable. Seat belts and air bags really do a wonderful job but you have to put on the seat belt. The importance of brain injury is driven home by this statistic. About half of the deaths from trauma in general are in fact due to brain injury. Of those who become permanently disabled from injury, about half of those are disabled because of the brain injury.

If we look at the epidemiology of when these occur, there are actually two peaks. Young people in motor vehicle crashes, sports and recreation, and then older people at home, falls for example, are the biggies. The causes overall of brain injuries in general are shown here. The effects of brain injuries can be pretty profound, all the way to death. It is something that our society really needs to become much more vigilant about. I have put the concussion issue in context of the total picture of brain injury, and now we are going to focus on concussion.

If any of you drop off to sleep during the talk, virtually everything I say is on our Web site. My son is laughing because he always tells me to speak more quickly, "Dad, I'm falling asleep." We have a lot of excellent material. The CDC Web site is also excellent for concussion information. Things have changed. Even the definition of concussion has changed. Members of my own profession are not all up to speed on the current definition. The current management is vastly different from what it was. We now recognize this important issue of repetitive concussions that we thought were confined to boxers. Now we see that other sports are involved as well. There is the issue of recognition, who should recognize a concussion. In fact we all should. We should all become skilled at recognizing a concussion so that you will be able to tell if somebody in your own family, your child, your father, has had a concussion.

Recognition is very important. This issue of when to return after a concussion and how to avoid some of the serious consequences of concussion, like second-impact syndrome, are the issues. Nowadays we recognize that it's not just acute concussion that is the issue, but it is the spectrum of problems that concussion represents. Yes, it is the acute concussion but in addition there are other entities that follow after repetitive concussions that really take their toll in our society.

Why worry about sports? I've already said that they are so common in collision sports such as hockey, football, and rugby, etc. The issue of repetitive concussions is especially common in collision sports. We now know that repetitive concussions do have significant long-term consequences, so, yes, they are important. There are so many ways in which we can injure ourselves in collision sports such as hockey. You would think that after all of this time we would know exactly the mechanism of concussion, but we don't know what it is. That is one of the frustrations and, in fact, that is the focus of a lot of research that is going on to try to sort this out. We think that rotational acceleration is more important than the usual type of acceleration, which is linear acceleration. What is rotational acceleration? When we go into schools and talk to young people to do our TD Think First for Kids presentation for example, we will use a Jell-O brain. We'll bring a Jell-O brain into the school to show the kids how it jiggles. That is exactly what we see at surgery. The brain is a very fragile structure and it has to be treated carefully. We think that concussion is a biochemical injury. It's not a known structural injury to the brain. We know that it's not due to bleeding. We know that the brain is not torn or bruised.

The brain jiggles within the skull and, in fact, that jiggle is what causes concussion. That is about the best we can do. It is like Jell-O, and to demonstrate that it seems to be a biochemical injury where these little packages of chemical shown in yellow are released. When you want to wiggle your finger it's because of the transmission down the nervous system through chemical transfer that allows you to function normally. You can appreciate that this jiggle can upset this very delicate biochemical transfer.

The causes of concussion are the same really as the causes of other brain injuries. In the collision sports especially we have the problem of repetitive concussion. The definition of concussion has improved dramatically over the years, so that now we can all speak the same language. Something happens immediately but fortunately it's usually temporary. It's an alteration of mental functioning due to trauma, and the trauma doesn't have to be directly to the head. If you consider two football players for example, colliding, and their bodies hit, these are their heads. Their heads don't really get direct trauma, but it is that jiggle of the brain, especially if the neck muscles are not strong enough to prevent the jiggle, that can result in concussion. We try not to use old terms anymore—bell ringer, or ding, or seeing stars—because we now understand that those are all concussions.

The features of the concussion are the following: it's usually mild and usually people get over the first concussion. There is usually complete recovery. After a while if there are repetitive concussions we do recognize major accumulative effects. The symptoms of concussion can come on immediately. There are initial symptoms. You can see how many there are and this is just a partial list. Then there is a second wave of symptoms that can occur hours or even days later. Here is the list of these second symptoms. Then years later there can be memory loss, blurred vision, double vision, ringing in your ears, etc., personality change. In other words, it can be an evolving situation as indicated on these slides. Years later, there can be late symptoms of dementia, depression etc., so these are pretty important consequences of what used to be thought of as a simple concussion.

It's different from one person to another, which makes it even more difficult to deal with this problem. The other difficulty is that it's still a clinical diagnosis, which means that we do not have an imaging test, that will say, "Ah that's a concussion." It really depends on a knowledgeable examiner and a compliant patient. A kid can fudge it or lie about it in common terminology. We really have to impress upon people to own up to it and tell us if they had a concussion. I'm impressed with what some of the leagues have done. For example, the NFL has done a 180-degree turn on concussions. As you know, they fired all their so-called concussion committees and replaced them with new people, and put up posters in the locker room advising players to report their concussion. We are seeing a level of awareness and concern over concussions, advising players to report their concussions.

Just to drive home the point about how we diagnose a concussion, can we actually see it on a cat scan or an MRI? The answer is no. We have no way to image a concussion. Even today we cannot image a concussion. Here's a very fancy MRI and there is not a shred of evidence that this player has had multiple concussions. We are hopeful that further research will discover a good imaging tool or a good electroencephalographic tool to disclose concussion. This is a young player whose helmet was knocked off in a fight. You see these big blobs here. Those are blood clots in the frontal lobes of the brain. We can easily detect major injuries like that. The catastrophe with an injury like that is that three months later there is just a huge loss of tissue in both parts of the frontal lobe. This player, who was destined to go to university, will never get there, and he can't remember what he had for breakfast this morning. These injuries from just another fight are pretty serious.

The other good news about concussion is that there have been international conferences held among leading concussion experts that have guided the process that has helped with the definition and helped with the management of concussion. Most of us follow these guidelines very carefully. There are definite steps that everybody should know about. For example, if the person is unconscious, then you dial 911. You get an ambulance. You assume there is a possible neck injury. You worry about airway breathing and circulation. Those are the easy ones. Those are the obvious ones.

About 95 per cent of concussions do not cause loss of consciousness. Those are the more difficult ones to diagnose. Here is the management that is recommended now. You remove the player from the current game or practice. You do not leave the player alone. A kid who gets concussed on the field at school should not be told to go home and tell his parents about it because that kid may deteriorate on the way home. Do not leave anyone alone who has had a concussion. Do not administer medication. Inform the parent or guardian, etc. There should be no return to that particular game or practice. Subsequently we have a six-step process of graduated return to play that virtually everybody is following. The good news is that there is much better compliance with these better ways. We all witnessed this last summer with Sidney Crosby. He was at step four of this process the entire summer before he could move on to step five, which was practice with collision. Step six is return to full game play. With this improved method of management, at least we can make sure that the brain has recovered before the player returns to full activity.

What is the minimum time? For adults we think that the minimum time for return to action is about a week, and for children and adolescents it should be double that. We have in fact learned quite a bit. We have come to recognize that there is greater concern if somebody has had many concussions over a short period of time or if it requires a long time to recover. What do we mean by a long time? We mean months. If it took you eight or nine months to recover from your concussion then perhaps it's time to think of never returning. There are two aspects to the return-to-play issue. The first aspect is when you can return, and the second, for those who have had repetitive concussions, or prolonged recovery time, the question is should you ever return. We have been able to sharpen this up over the years, and to be able to be more definite about the guidelines for who can return and who can never return. Eric Lindros is a case in point. He had about eight concussions and did return. He got another one and unfortunately is still suffering from the concussions and it's several years since he last played.

The consequences have to be recognized. The consequences of concussions are here. You will see that we do now recognize that depression, for example, is a consequence of too many concussions. We didn't recognize that even a few years ago, that somebody could become severely depressed because of repetitive concussions. We now do recognize that. The good news there is that the same treatments that are effective for non-traumatic concussion depression can help those with traumatically induced depression.

The second-impact syndrome is something that we all worry about because it happens when a player does return too early after a blow to the head and becomes subject to brain swelling. Indeed the results of that can be catastrophic as shown here.

This is just a partial list of cases that have been identified. You see they are all young people from one sport or another. This was a hockey player who died about 50 years ago and whose brain was shown in an article in the Canadian Medical Association Journal. This hockey player never woke up because of these hemorrhages in the brain stem. These dark streaks here are hemorrhages in the brain. You remain in a coma forever if you have those.

Lastly on the list of why we are concerned about concussions is the issue of chronic traumatic encephalopathy. It was originally given this fancy term of dementia pugilistica. It was thought to be confined to boxers, but that was incorrect, because we now know that any sport-producing repetitive concussions can produce this. This is what it looks like if we do a CT scan. You can see all of this black stuff where the brain has withered and died. This is because of atrophy of the brain in this boxer.

We don't know exactly what's causing this. This is the subject of a major research project at our hospital—to try to determine exactly what causes this problem of chronic traumatic encephalopathy. Because it's recognized in so many different sports it's very important to find it. These are slices of a brain from a case that was published. This brown stuff, this brown gunk that you see, should not be there. That is an accumulation of an abnormal protein in the brain. This is what it looks like if you do brain sections. All of these brown accumulations are this abnormal protein, which gets into nerve cells. The end result is the destruction of those cells. This player was severely demented when he died.

In our project at the Toronto Western and Toronto Rehabilitation Institute, we have been asking the CFL to make people aware of this. This in fact is one of the brains that was willed to our concussion project. Many of you may recognize this player, Jay Roberts, who played for the Ottawa Roughriders. This, in fact, is his brain donated with the permission of his family. These are normal nerve cells in an aged matched control. These are Jay's nerve cells. They are full of this material that shouldn't be there. When we stained it for this abnormal protein, we found that his cells were full of this protein and ultimately these cells died. This is pretty serious stuff that we are dealing with.

Moving on to the last part of my talk on prevention, the good news is that we can in fact prevent this from happening. At the present time prevention is in fact the only cure. We have to be especially vigilant about young people. Modern research tells us that the young brain is even more susceptible to the effects of concussion than the older brain. We really have to make sure that we provide the right environment for our young people. On our Web site, for example, we have all of these resources for physicians, for athletes themselves, for coaches, for the general public, for parents, about what each group can do to prevent this.

The issue of preventing the concussion from occurring initially is important. Managing the concussion and preventing long-term complications are all things that we can do. This is just a partial list—no hits from behind, no hits to the head, etc. Hockey Canada has to be singled out for bringing this message home to its players, that it's no longer tolerable to hit another player in the head. That's how we prevent injuries. It's never just one. There is no magic bullet for injury prevention. It has to be a multifaceted approach. It involves education as we are doing today. It involves getting the coaches involved, making sure that they understand their role. In fact, the coach is the most important person at the rink or on the field to make sure that the environment is safe. Parents who drop their kids off and leave are not doing their best to be vigilant. You have to keep your eye on the coach to make sure that that coach is creating a safe environment. The responsibility of the coach is not just for skills development and developing sportsmanship. All of that is extremely important but the coach is in charge of safety as well, and the referees and the rules, and the equipment, etc., etc., etc.

This is a great video that is downloadable free on our Web site with great information about injury prevention. I'll talk on the issue of helmets just briefly. The good news is that helmets do prevent those other injuries that we talked about at the beginning. They do prevent the blood clots. They do prevent the bruising of the brain, the tearing of the brain. The bad news is that helmets do not prevent concussion.

Manufacturers who say they have developed the concussion-proof helmet are in fact lying, because there is no such thing as a concussion-proof helmet. All the kids that I see in my office who are concussed in football and hockey have all been wearing helmets. This says, "I liked recess a lot better before the safety helmets." We drive kids crazy to wear their helmets.

This is the uniform of the neurosurgical hockey team. We will not be concussed.

The list is growing for sports requiring helmets. In fact this winter, Nova Scotia made it mandatory for all skiers and snowboarders to wear helmets, so there is some regional variation here in the laws. The sports recommending helmets are gradually growing in number.

In conclusion, concussions can be prevented. They are serious. Promoting safer play, promoting helmets and the entrance of the governments into this field, I think, is very important. We are very pleased that the Honourable Minister Bal Gosal is with us today. Thank you very much for taking concussions seriously in that your government has provided funds for concussion education among sports teams, a very important initiative. In our own province, the government of Ontario earlier this month is the first provincial government to introduce concussion legislation. You may be surprised that there is legislation now about concussion. The issue is important enough to require legislation. We would like to see that spread because that legislation says that every parent, every coach, every teacher, every participant, has to be knowledgeable about concussion. Furthermore, players who are concussed in a schoolyard or playing for a school team have to be removed from the game.

These are really important measures that I think will assist as part of the army of measures that are necessary to prevent concussions and manage them properly. The next person on our agenda is Peter Shier. Peter has, as you heard from Verity earlier, played six years in professional hockey.

Peter Shier

Thank you. I think I was asked to come today to talk to you for just a few minutes about my perspectives on concussions for two reasons actually, because I've seen them from a whole bunch of different angles and I will talk about that. When I see the video and I see Dr. Tator and the work he does, I realize quickly we don't know a lot about this yet. We don't know enough about it. With cancer research and heart and stroke research, there is lots of funding, lots of knowledge, and it's getting better and easier. We are just at the very beginning of understanding what causes concussions, how to treat them, how to educate and all of that. I do some work with Dr. Tator as well in my business and he has brought me in on some projects. I feel very passionate about this, because we don't know enough and we need to know more to prevent what's going on.

My perspective as a player, a parent and a coach, comes from, as Dr. Tator said, playing professional hockey for six years mostly in the minor leagues with the North Stars in Oklahoma City in the CHL. Back then, there were slapshot days, crazy, crazy bench-clearing brawls. I've got a friend in the audience who is nodding because he was there at the same time. It was zany; it was nuts. I think at one point we had five guys in our team with over 200 minutes in penalties. That was the gist of the game back then.

I probably had about eight concussions throughout my career. My first one, I think, was when I was at Cornell. I got hit. I came around the net and there was a guy who played for Northeastern—Chris Nilan. Chris Nilan was about this big and about that wide. He hit me. I was about five feet from the boards and I hit the boards in mid-air, flat out. I'm pretty sure I was concussed. I got up and finished the game of course, because that's what you did. I gave an interview after the game to a reporter, and about four days later in the mail I got a copy of the Boston Globe containing the interview and I didn't even remember having done the interview. It was that severe.

Back then the way they treated you was if you got hit you stayed down on the ice. The trainer would come out and would hold up fingers and say, "How many fingers am I holding up?" You would say, "Three." He would say, "That's close enough." Then he would say, "What day is it?" You would play most games on Saturday so you would say, "It's Saturday," and he would say, "Yes that's good." Then he would give you smelling salts and you would go to the bench and shake your head. By then your head was splitting and starting to really hurt, but you would go back on the ice and finish the game. After the game, you would get on the bus and dive into the trainer's bag and grab some aspirin or whatever you could find to make the pain go away. That describes the first concussion I had.

Then in Oak City I remember getting knocked out in a fight. I wasn't a great fighter. I got knocked out in a fight, was flat on the ice, and experienced the same thing—smelling salts and back to the bench. I shook it off and went back out. These were the days of no helmets. If you did wear a helmet, you would probably wear one of those Gretzky helmets, a bit like putting a doily on your head or something that wasn't very protective.

This is my perspective as a player having been through it and obviously a lot of teammates have been through it as well. As a coach coaching for 10 years in the GTHL, it was interesting because not only are you dealing with the kids but you are also dealing with the parents. Has anybody here coached minor hockey in Toronto? Okay, you know a little bit about what it's like. I heard a great line from Don Lucia, a coach at the University of Minnesota, who said the best coaching job in the world is at an orphanage. I think he is right, because if it weren't for the parents it would be great. In 10 years I probably had about 15 or 20 concussions with various players all the way from ages seven to 17.

The kids were fine. The kids would say, "Okay, I have a concussion, my head hurts, I'm going to go to the doctor." The doctor would say, "Take a week off or take two weeks off," or "We will treat it." The parents were different. You had the range from "Okay, that's it I'm pulling Johnny out of hockey," to the other side that was, "You know it's a headache but it's not that bad. The playoffs are coming and we have got to get him in there." As a coach you are torn. I'm happy to see that the GTHL and Hockey Canada has taken the onus off the coaches now and put it back on the parents. If you want Johnny to return you need a letter from his doctor. It takes the onus off the coach because you are torn between what you need to do for the team and what you need to do for the good of the kid.

Obviously you want to do the right thing for the kid, but sometimes the parental pressure can get to you too.

The last piece for me, in terms of experience with concussions is my two kids—two boys playing hockey. I have one son playing Junior A right now for Aurora and he has had two concussions. One was from hockey and the other was from falling in a schoolyard on a sheet of ice or something when he was about 10 years old. When I watch junior hockey and watch him go out and play everyday, there isn't a shift that he goes out for that I don't have my fingers crossed, hoping he doesn't get hit and he scores a goal. You are torn; you are very torn. My other son, who is sitting here today, who is 16, had three concussions in the span of eight months. My wife and I along with Dr. Tator decided that it would be best if he try something else. He is now doing Olympic weightlifting, which is fun to watch. Watching him go through the three concussions was actually enlightening too. I saw all three of them and there wasn't one where I thought it was bad. He got hit but it wasn't that bad. Once was on the glass. Once he got hit twice in one shift. The third one was when somebody's knee hit his head. It wasn't even a crushing blow. It wasn't a hit from behind. He was very susceptible to concussions. With a couple of them he had the lights out in his room for a week at a time. He missed exams. Because of the concussions he missed his exams. He was bad for a while.

It was a pretty easy decision. It was tough for him to go through, but it was a pretty easy decision. I have a perspective from a whole bunch of different angles. As I said at the beginning, I think we are just at the beginning of learning this and understanding what this is all about. I hope that there is more that we can do, and I hope with Dr. Tator's help we can start to raise some money and awareness, and really get to the bottom of this because it is a huge, huge issue. There are a lot of things that need to be done with the rules. I think they have made some good inroads but I think there is still a lot to be done with equipment and rules and getting some of the nonsense out of the game that's causing this. It's the elephant in the room that people are starting to talk about because of Sidney, but there needs to be more done.

Charles Tator

Thank you. Next is Justin Risek who is a good friend of mine. I first met Justin probably a year and a half or two years ago at a Toronto Star-sponsored event on concussion in fact. Justin is one of those amazing people who can say it as it is. He can tell you what he has experienced. Tell us all about it, Justin.

Justin Risek

Well, good afternoon ladies and gentlemen. For those of you who don't know me, I am a Grade 10 student at St. Mike's. I have some of my peers down there. Thanks a lot guys for coming. I want to thank everyone for giving me the opportunity to speak here today about my minor hockey career. It seems like only yesterday when my Sunday mornings started the way I wanted them to. My father and I would wake up early and go to hockey practice at one of my favourite local arenas on the Lakeshore, which I would call my second home. I remember being in the dressing room and getting an overwhelming feeling of excitement before I stepped on the ice. I love the sport of hockey and I was one of the most passionate hockey players both on and off the ice. I miss spending Sunday mornings with my dad and teammates at the rink. Unfortunately, my career as a competitive hockey player was short-lived. As a smaller player within the league, I was always taught to play the game intelligently and to be aware of my surroundings. Concussions weren't the big topic as they are today. I was a victim of three concussions while I played the sport I loved. Due to the obvious risk involved, I cannot play competitive hockey anymore.

By no means am I an authority on how the sport of hockey can be played, but I confidently say there needs to be some dramatic changes in the sport. The hardest part of the concussion was the dull lingering headaches, not remembering what I had studied the night before, and not being able to focus on my schoolwork. Most of all my academics suffered. This is why I cannot risk playing the sport anymore. I hope and wish for each and everyone who chooses to play hockey that they think smart, play safe, and be considerate of others' lives. I wish today I could still play competitive contact hockey with the GTHL, but with strict orders from Dr. Charles Tator, this is no longer an option. My hockey career has been reduced to playing pick-up hockey with my friends.

I have recently, in the past couple of years, taken up golf very seriously and hope to pursue this as a sport. On a positive note, I would like to say that I have been fortunate enough that my memory is back to normal and my grades are where they should be. If I can pass on any words of advice to upcoming minor league hockey players, it would be to educate yourself about concussions as well as the potential dangers and to always take into consideration the life-altering effects that a hit to the head could cause a fellow competitor.

I appreciate your attention this afternoon and I sincerely hope that you are able to benefit from my time here today. Now I would like to call upon James Cybulski from TSN to speak.

James Cybulski

Good afternoon everybody. How are you?

When you think about everything that Dr. Tator talked about this afternoon, it was only in the late '90s that the NHL actually made helmets mandatory. Imagine a guy going up and down the ice with no helmet. Fifteen years ago, you could do that.

I hosted an afternoon talk show on TSN radio called "Cybulski and Company" for the last year. For three hours every day a large part of the discussion, in 2011 particularly, was the dreaded C word. The dreaded C word for most of us meant one thing for a long time, but for me over the last year it meant concussions. Sidney Crosby has been at the forefront of that story. Aaron Rodgers who is probably the best quarterback in the NFL right now, from the Super Bowl-winning Green Bay Packers of last year, suffered concussions, as did Eric Lindros and Pat Lafontaine. The list goes on and on.

One of the greatest defencemen in the history of the game and one of the best of the last 25 years, Chris Pronger, is still experiencing concussion problems and is constantly reminded every couple of weeks that he is still in a bad way. Here is a guy who was one of the meanest, toughest, roughest, defencemen that the hockey world has ever seen, a Stanley Cup champion, an MVP, and a Norris trophy winner. Here is a guy who is battling concussion problems. Claude Giroux and Jonathan Toews are individuals who are battling concussions. We talk about it time and time again, and Dr. Tator is certainly reminding us all just how important it is.

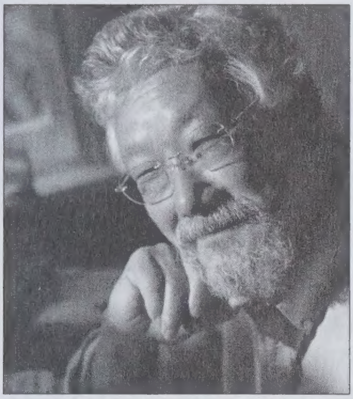
We are going to open it up for some questions here from three experts who've experienced just firsthand how it feels, and communicate what more can be done. We've seen a lot in the National Football League. There was a lockout last year in the NFL. It seems in the sporting realms these days we talk about the business of sport more than anything. We experienced two lockouts last year in professional sports—the NBA and the NFL. The biggest resolution out of the collective bargaining agreement between the players association and the NFL and the owners was health and safety.

There are no longer two-day practices in the NFL. All those highlight reels headshots that you saw back 10 years ago are outlawed now. Guys who made a living being that minister of defence so to speak, with those devastating hits, would launch their bodies and knock guys out. They were on highlight reels. "SportsCentre" was just as guilty as anybody because we would run them as the plays of the week. Now we are all learning as we are changing the culture that you can't do that anymore.

Dr. Tator is telling us it's not just getting your bell rung. You are suffering a concussion, damage to your brain. I think athletes are starting to realize that now. With the National Football League, there is a massive lawsuit with several former NFL players, prominent ones too—Jim McMahon, one of the most colourful quarterbacks in the 1980s, the quarterback of the Super Bowl-winning Chicago Bears, Refrigerator Perry and Walter Paton. Individuals like these are having serious problems 10, 15, 20 years after their playing days, and there is a major lawsuit that can come down one way or another. I think the National Football League is serious about recognizing what is going on with respect to the health and safety of their players and realizes that this could be a very costly lawsuit. I think that is a big reason why you have seen the league step up to the forefront with health and safety. Particularly last week, there was the "Bountygate" scandal involving the New Orleans Saints. Roger Goodell, the commissioner, threw the book at them. He suspended the head coach of the New Orleans Saints. Think about how important a head coach is in the NFL. The guy has been suspended for a year for basically being the head coach of a team. The defensive coordinator was orchestrating this bounty—paying players for taking individuals out of games. The general manager, who wasn't necessarily involved in it, but didn't do enough to shut it down, has been suspended for half the season. They have had draft picks taken away. The National Football League, from a leadership standpoint, is starting to change the culture. The hockey world—we have talked about it countless times on our show and I'm sure that there are a lot of people who might disagree with me as well—needs to start realizing more and more that it is time to change the game.

The appreciation of the meeting was expressed by Lou Natale, Managing Director, NBV Group, and Director, The Empire Club of Canada.

Dr. Charles Tator, Professor of Neurosurgery, University of Toronto, Division of Krembil Neuroscience Centre, Toronto Western Hospital, and Founder of ThinkFirst Canada, signing our guest book.



April 19, 2012

David Suzuki

Founder, David Suzuki Foundation

ARE CANADA'S ENVIRONMENTAL ISSUES GETTING IN THE WAY OF A HEALTHY ECONOMY?

Chairman: **Verity Craig**
President, The Empire Club of Canada

Head Table Guests

Brent Houlden, Partner, Deloitte, and Director, The Empire Club of Canada; Varun Ohri, Master's Student, University of Toronto, The Institute of Biomaterials and Biomedical Engineering; Rev. Canon Kim Beard, Incumbent, St. Paul's Anglican Church; Devon Page, Executive Director, EcoJustice; Dr. Faisal Moola, Director General, David Suzuki Foundation; Glen McIntosh, Senior Vice-President, Consumer Market Segment, Celestica; Lori Gosling, Assistant Vice-President, Human Resources, The Dominion; Andrea Wood, Chief Legal Officer, Wind Mobile, and Director, The Empire Club of Canada; Shelagh Paul, Vice-President, Corporate Communications, The Dominion; Marion Fraser, President, Fraser & Company; Kimi Walker, Associate Vice-President, Canadian Tire; and Todd Melendy, Chief Compliance Officer, Celestica.

Introduction by Verity Craig

Ladies and gentlemen, as we are all aware there is no need for an introduction for Dr. David Suzuki, as he defines the importance of eco-sensibility. However as host for today's luncheon, I will try and cover some of the major points of his extensive career.

Dr. Suzuki is a geneticist. He graduated from Amherst College in Massachusetts with a BA (Hons.) in biology, followed by a PhD in zoology from the University of Chicago.

In 1972, he was awarded the E.W.R. Steacie Memorial Fellowship for the outstanding research scientist in Canada under the age of 35 and held it for three years. He has won numerous academic awards and holds 25 honorary degrees in Canada, the U.S. and Australia. He was elected to the Royal Society of Canada and is a Companion of the Order of Canada.

Dr. Suzuki has written 52 books, including 19 for children. His 1976 textbook, "An Introduction to Genetic Analysis," remains the most widely used genetics textbook in the U.S. and has been translated into eight languages.

Dr. Suzuki has over 30 years of award-winning work in broadcasting. His national television career began with CBC in 1971 when he wrote and hosted "Suzuki on Science." He was host of "Science Magazine" from 1974 to 1979. In 1979, Dr. Suzuki became the host of the award-winning series, "The Nature of Things with David Suzuki."

He has won four Gemini awards and is a recipient of the John Drainie Award for Broadcasting Excellence.

Dr. Suzuki is recognized as a world leader in sustainable ecology. Ladies and gentlemen, please join me in welcoming Dr. David Suzuki, Founder of the David Suzuki Foundation.

David Suzuki

Thank you. Thank you very much. I'm delighted to have the opportunity to share a few ideas with you. I see the title of the speech on the brochure is "Are Canada's Environmental Issues Getting in the Way of a Healthy Economy?" Obviously, I would say, "No," but I would have rephrased it, "Is Canada's Economy Getting in the Way of a Healthy Environment?" And the answer to that would be, "Very definitely, yes."

I think when you have speakers here, they should identify themselves as to where they're coming from and what their agenda is and I'd like to present my agenda. I have an agenda. I'm now in what I believe is the most important part of my life. I'm now an elder. As an elder, I don't think anyone can accuse me of having some kind of nefarious plan for more power or money or fame.

Indeed, I find that one of the great things about being an elder is that my testosterone levels are dropping and I'm getting really smart when I don't have to think about sex all the time. This is a very important part of my life. I hope that I have credibility with you, and that you understand my agenda is dictated by the fact that my generation and the boomers that followed have partied as if there was no tomorrow. We haven't paid much attention to the mess we are leaving for our children and grandchildren. My agenda is that I'm working as hard as I can to try to clean up the mess and to try to leave a future for our children—bright in opportunity and a rich biosphere within which they can thrive. That's my whole agenda. I urge all elders to get the hell off the golf course and start doing the most important thing in your lives, which is to reflect back on a lifetime of experience. You've had a priceless experience of a lifetime lived. You've made mistakes. You've had successes. Well, how about harvesting some of those important nuggets of information to pass on to the next generation because I believe as elders we've got something really important to tell the coming generations.

We are at a remarkable moment in all of human history. What we do or do not do in the coming years will determine not just whether or not we survive as individuals or our country survives but whether our species survives. We are now talking about extinction. Now that's a pretty melodramatic statement. For all of you who would take a warning like that seriously, I urge you to look for the June 7th issue of Nature which is one of the premier science publications telling us the state of the biosphere today and it is terrifying. We can't avoid confronting the reality of the situation we're in now if we're going to get ourselves out of this mess that we're in.

I understand that we all see the world through the lenses of our backgrounds, our gender, our socioeconomic class, and our religion. All of these things and especially our profession shapes the way that we see the world.

Just as a parenthesis, I was trained as a geneticist. When I have an audience this size, I can't help but see mutants everywhere. We look at the world through the lenses of our backgrounds. We all share a common anatomy of our brains. We're a single species. Our brains are identical. Our sensory organs are identical. The neurons that go from our sensory organs to the brain are all genetically identical because we're a single species. Yet ask a woman or a man about words like love, sex, or family, you'd swear they were different species. Ask a business investor on Bay Street and a street person on Bay Street to talk about money or the economy or welfare and you'd get a very different answer from them. Talk to a Palestinian and an Israeli about Gaza and you'd be amazed at the difference. We perceive the world through lenses that prevent us in many cases from seeing the world as it really is. My challenge today is to ask you to try to suppress the lenses that will filter out a great deal of what I'm saying and just listen to the message before you begin to edit it or pass judgment.

This year is the fiftieth anniversary of the beginning of the environmental movement. In 1962, Rachel Carson published "Silent Spring," all about the unexpected effects of pesticides. If you read that book, and I still read it today because it's every bit as relevant, she saw pesticides as just a part of a much bigger picture, that everything in the world is connected to everything else, so that whatever we do, such as spraying chemicals on a field to kill pests, ends up affecting the entire web of life because we're all influenced or interconnected. Because of her book in

1962, there was an explosive growth in the modern environmental movement. In only 10 years, the United Nations had formed UNEP, the United Nations Environment Program and called the first global conference on the environment in Stockholm.

The environmental movement grew. When Rachel Carson's book came out, there wasn't a single department of the environment in any government on the planet. The word "environment" in 1962 simply didn't mean what we've come to understand it today. Now you can't have any level of government or any corporation without having an environmental committee or someone looking after that particular area or portfolio.

We have laws to regulate and manage the air, manage the water and endangered species. Millions of acres have been set aside around the world now as parks and reserves. That's all a result of the rapid growth of our environmental awareness.

The year 1992 had the Earth Summit in Rio. Rio was meant to signal a fundamental shift in the way that humans lived. From that point on, no major activity or development that human beings would carry out could be carried out without considering the environmental implications first. There was a massive blue print to get us on to a path of a sustainable future called Agenda 21. Within weeks after the end of the meeting in Rio, the rich countries, for which Agenda 21 would be 0.7 per cent of annual GDP, immediately began to say, "We can't afford that." The developing world, where Agenda 21 cost 20 per cent of their GDP, committed to reaching it seriously and many still are trying to enact the principles and the strategy suggested by that document.

Of course, there have been changes. When Toronto rejects plastic bags, wow, that's quite a surprise. Maybe there are a few things that are worth looking at. The reality is that we've been going steadily backwards since 1992. In Canada, there seems to be a strong group of people who remain unconvinced that climate change is caused by human activity. It is just an astonishing thing to me that there are climate deniers or skeptics. That's the struggle we have to go with.

We have a prime minister who has had asthma since childhood and still puts the economy above the very air that sustains us and that doesn't make any sense to me at all. It seems to me anyone suffering from an environmental disease ought to know very well the consequences of the way we treat the very source of our seasons, weather and climate, let alone our lives.

We're fighting a dam in British Columbia at Site C on the Peace River. We fought that and won 30 years ago, but now we're fighting it again. We're fighting against the proposal to drill for oil in Hecate Strait. We fought and won that one 35 years ago. The terrible aspect of the environmental movement is we are fundamentally failing if we keep having to start at ground zero and talk about these various issues that come up. When we won the victory at Site C on the Peace River, when we stopped the drilling for oil in Hecate Strait, we should have come to an understanding of the ecological impact of the way we're living so that we don't repeat the same problem over and over again. The environmental movement has fundamentally failed because our economy has now become the dominant focus and we believe that the economy is the source of everything that matters in our society today.

I'm a geneticist. I like to think in evolutionary time and I love the way that we've been able to develop techniques using DNA, the genetic material, to track the movement of human beings across the planet. All of the trails lead back to Africa 150,000 years ago. We were born 150,000 years ago on the plains of Africa. For 95 per cent of our existence on earth we existed as nomadic hunter-gatherers following game and plants through the seasons in our territory. As hunter-gatherers, we knew very well that we were deeply embedded in and utterly dependent on nature, on the biosphere that supports us.

Ten thousand years ago began a fundamental shift in the way humans live. The agricultural revolution began. Now we had a source of food. We didn't have to wander all over the place to keep following it. Farmers understand very clearly that we are utterly dependent on nature, the seasons, the weather, and the climate. The water in the summer is related to how much snow you have in the winter. We know that insects are critical in pollinating flowering plants. We understand that certain plant species will make fertilizer from the air, fixing nitrogen as a fertilizer in the soil. Farmers know we are deeply embedded in the natural world.

Something fundamental has happened to transform us and shift the way we see the world over the last 100 years. In the year 1900, when there were one and a half billion people, there had never been a billion vertebrates of any species ever in history. Human beings reached one and a half billion in 1900. There were only 14 cities with more than a million people. London was the largest with six and a half million. Tokyo was the seventh-largest with one and a half million people. Can you imagine? About the same size as Vancouver. The vast majority of people around the world lived in rural village communities because most people were involved in some aspect of agriculture. We were farmers.

Cut ahead 100 years to the year 2000. The population exploded to six billion people. Now there were more than 400 cities with more than a million people. The ten-largest cities all had more than 11 million people. Tokyo was the largest city in the world with twenty-six million people. Can you imagine, in 100 years, going from one and a half to twenty-six million people? Greater Tokyo now has more people than all of Canada. If you've ever been to Tokyo you know this is not the way human beings evolved to live.

In 100 years we have exploded from a farming species into a big city dweller. In a big city, it's easy to think we're not like other creatures. We're so smart. We have created our own habitat and as long as we have a few parks where we can go camping or skiing in the winter or just to play in, who needs nature? We don't need nature. We've got our city. We've got our own habitat.

In a city our perspective shifts as to what's important—from an understanding that nature is where we live and where we derive our livelihoods to a belief that the most important issue in a city is our jobs. We need a job to make the money to buy the things that we want. There is a shift to the perception that the economy must be our highest priority.

We have become in 100 years the most numerous mammal or vertebrate on the planet and that population alone means that we have a very big ecological footprint. It takes a lot of air, water and land to support seven billion human beings. Every one of us has to eat food. We have to drink water, breathe air, clothe and shelter ourselves. That means as a species we take a lot of the air, water and land of the planet. Of course, we're not like a rat or a rabbit or a mouse. We have a vast amount of technology, most of it developed in the last 100 years, and that technology increases our ability to take, to consume. We can now go to the deepest parts of the oceans and to the highest parts of the mountains and we can extract from the planet to produce our stuff. That has amplified many, many times the ecological footprint of human beings. Of course, that's added to even more by our addiction to consumption.

My mother and dad became adults right at the time of the stock market crash in 1929 and that scarred them. They taught me things like live within your means. Save some for tomorrow. Share; don't be greedy. You've got to work hard for money to buy the things you need, not the stuff you want but the things you need. Don't run after money as if having more money and stuff makes you more important or a better person. Those are the values I was taught by my parents which seems to run totally counter to a society in which 70 per cent of our economy is based on consumption, not consumption of things that we need, just things that we want. There's no end to what we want.

When you add all of that together— our population, our technology and our consumptive patterns—we have an immense ecological footprint. Part of the impact of that is we are altering the climate itself. Anybody that says, "Oh, humans couldn't possibly be strong enough or powerful enough to affect something like weather," you don't know what you're talking about. You haven't really thought about how powerful humanity has become. We now exist within a global economy that hides the ecological and the social impact of what that economy is doing. When you go to the store and buy a shirt, you want a cotton shirt. I'm sure very few of you ever ask whether this shirt is organic. Cotton is one of the most chemically intensive crops that we grow. Where cotton is grown on a vast scale, you'll see an ecological and a social disaster as we see in the former Soviet Union around the Aral Sea.

We buy cars and computers and television sets. There are a lot of metals in them. Mining is one of our most destructive activities. Do we ever say, "Gee, before I buy this car, where did all the metals come from? What was the effect of mining on the people that live in that area? What about nature around those mines?" We don't ask those questions. We just want a brand product. We pay our money. We buy it. Yet by purchasing that product there are repercussions that extend around the planet. The global economy hides much of that ecological and social cost. Now we have become so powerful that we are altering the physical, chemical and biological properties of the planet on a geological scale.

Scientists classify the various ages of the planet according to major geological events. There's the Eocene, the Miocene, the Holocene, and the Oligocene. The last 200 years, the Anthropocene epoch, is a period in which human beings have become so powerful that we are altering the planet on a geological scale. We call this either the Anthropocene epoch or the Homozoic era. We are the dominant species in force.

It wasn't very long ago that we referred to events, such as tornadoes, hurricanes, floods, drought, forest fires, even earthquakes as "acts of God" or natural disasters. They aren't any more. The human imprint on these events is now very, very clear. These are not natural. In many cases, they're human-induced or human-exacerbated and we have taken our place among the gods without the gods' omniscience.

This is the position that we're in. Next week I'm going to Rio plus 20, the twentieth anniversary of 1992. I have absolutely no hope that this will accomplish anything to deal with the urgency of the crisis that we're facing now. I'm going strictly because my daughter is going down. She gave a speech at Rio in 1992 that has just become viral on YouTube. It's astounding to me but she's kind of become the poster child and is going down. She has to take her four-month-old son and I said, "Sweetie, I'll go down as a babysitter." That's all I'm going to do. Rio is again a reminder of how little we've progressed over the last 20 years.

Rio and meetings that have taken place over the last 20 years in Bali and Cancun, in Bonn, in Kyoto, in Nagoya, in Stockholm have all failed and the reason is this. We live in a world where our behaviour is shaped and dictated by the laws of nature. In physics, we know that we cannot build a rocket that will travel faster than the speed of light. Nobody would ever say, "I'm going to travel twice as fast as the speed of light." We know that. The laws of gravity say you can't have an antigravity machine here on earth. We know that entropy and the laws of entropy say that you can't build a perpetual motion machine. Those are laws of nature that physicists have determined and we live within that world.

Laws of chemistry determine the kinds of molecules and chemical reactions that can take place because they are dictated by the diffusion constants and reaction rates and the property of various atoms. We know that chemistry is limited by those laws of nature.

In biology, we know that biology dictates that our absolutely, most fundamental needs are not dictated by the economy. This is something I love to tell children, because they're so trusting. I say, "Okay, kids, we're going to do this little experiment. I want you all to take a deep breath." They're so trusting. "Now I want you to hold that and I'm going to time you. Don't take another breath for five minutes." They believe you. They try and you see them turning pink. Eventually they breathe and I say, "That's because air is so important that you can't commit suicide by deliberately holding your breath. Your body will not allow you to do that. From the moment you emerged from your mother's body to the last breath you take before you die, you need air every minute of your life." I would have thought that that was a pretty high priority. If we don't have air for more than three minutes, we are either dead or brain dead. If we have polluted air, we're sick. Surely to God, we would put air as our highest priority as a species to protect. We use it as a garbage can and we're not willing to pay a carbon tax to put garbage into the atmosphere. What the heck is going on here? Then we have the nerve to ask, "Are environmental issues destroying a healthy economy?" Wait a minute now. It's the economy and economic growth that is destroying a healthy planet.

We've got everything backwards. Our most fundamental needs are dictated by our animal nature. I gave a talk in Austin, Texas, many years ago and there were a lot of kids in the audience. I said, "Now, kids, if you remember one thing from my lecture, please remember we are animals." Man, did their parents get pissed off at me! "Don't you dare call my daughter an animal. We're human beings." We really think that somehow we've escaped our biological nature. If you call someone a "pig," if you call someone an "ape" or a "snake" or a "worm," these are insults because we think we are not animals. We are animals.

I went to a store years ago in Calgary. There was a big sign on the front store, "No animals allowed." I went to the proprietor. I said, "You know, if you enforce that, you're not going to have customers." He didn't know what the hell I was talking about and thought I was nuts. We are animals and animals, as biological creatures, dictate our most fundamental needs. We need clean air. We need clean water. If you don't have water for more than three or four days, you're dead. If you have polluted water, you're sick. We need clean soil because that's what gives us our food and every bit of our food was once alive. We spray chemicals, not only into the soil but also inject it into many of the animals and plants we're going to consume. We need other species because diversity of life is what cleanses water, creates oxygen-rich air, creates soil and is our food. These are the things I would have thought any society interested in being healthy and sustainable would put as our highest priority to protect.

Do we do that? No. What we do is we create a portfolio called the "environment." It's one of the most poorly funded portfolios we have. The environment is just another interest area, like fishermen and ballet dancers. We have the environment over here. No wonder Mr. Kent is squeaking so much. He doesn't have any balls to really do the important things that have to be done. Sorry kids, we elders lose our inhibitions on language.

We've got everything wrong. I have funded and supported Elizabeth May to run. Thank God she's in office but I keep saying there should not be a Green Party. When you have a Green Party, it means that it is the party for the environment. In the leadership debate there was no one in Parliament from the Green Party. The journalists thought the Greens aren't here so we don't have to deal with the environment. We'll ask important things about the economy. This is crazy but we've created the environment as if it's this mini-area and in many ways irrelevant or it's somehow an impediment to developing our economy.

This is the real world within which we live. A real world dictated by the rules of physics and chemistry in which we have to live according to the laws and principles that emerge from the field of biology. That's the world that we live in. We think we're so important we're actually going to dictate the way this biosphere is. We draw lines around our property, around our cities, around our province, around our countries. Boy, do we take those lines seriously. We will go to war. We will kill and die to protect those borders. I'll tell you something. Nature couldn't care less about human borders. Do you think that a salmon born in a British Columbia river that goes down through the Alaskan panhandle considers itself a Canadian or an Alaskan fish? They don't care. What about birds that go from South America all the way up to the Arctic? Who do they belong to? What do they care? Do monarch butterflies that summer in Ontario and end up in Mexico care whether they're Mexican butterflies or Canadian? Think about air and water and dust that come from Africa. They don't stop at the American border and say, "I need a visa to land on North America." What do borders mean? This is why there's no way that we can deal with the atmosphere at Rio or at Copenhagen when we're all caught up in our little national boundaries that dictate the way we see the world and our agendas.

There are other things that we create. We create concepts like capitalism, free enterprise, the economy, corporations, markets, currency. For heaven's sakes, these are not forces of nature. They're human inventions. Yet we bow down before these things as if these are the most important things going. Wait a minute now. The only things we can alter are things that we create, like national boundaries or these various structures.

A few hundred years ago, people really believed there were dragons and demons in the world. They really believed in them. If they thought they were mad at them, they would shovel money and jewels and sacrifice virgins. They would do anything to placate dragons and demons. Well, nobody believes in dragons today. We all know that was a figment of our imagination. What do we do? We don't progress. We just invent another concept that we all bow down before called "the economy." The economy, yes. Oh, my God, the fate of Canada is determined by the fate of the economy.

I was talking to Preston Manning a few years ago and he agrees with me about a lot of things. He agrees we should put a price on carbon, all that stuff. We were talking and I said, "Well, the market…" and when I said the word "market," he went, "The market. Oh, the market. Yes, yes. Free the market. Let the market…" What the hell's going on? That's not a force of nature. It's a human invention. If it's not working, we should fix it so that it conforms to the real world that we all live within. We've got to change the perspective and see what our real home is and the consequences of all that we're doing.

This is the challenge that we face. We have lumbered ourselves with this human creation and believe that the economy is the major source of everything that matters.

I don't have enough time to finish this. I have a very strong position that this economic system that we are fundamentally embedded in now is flawed. Walmart is committed to sustainability. How can a company like Walmart be ever considered sustainable? Yet, I applaud Walmart if they want to reduce all their packaging to zero, if they want to use only renewable electricity, that's great. Fundamentally I'm sorry, Walmart, you are a totally unsustainable company. That applies across the board as we're caught up in an economic system that demands that you be unsustainable. I could go into a whole critique. Maybe we can talk about that. At the heart of this current economy is the belief by economists that we're so smart we've created a system, the economy, that can grow forever.

We live within the biosphere. The biosphere is the zone of air, water and land where all life exists. The late Carl Sagan told us if you reduce earth to the size of a basketball the biosphere in which all 30 million species live would be thinner than a layer of Saran Wrap and that's it. We've more than filled it up with the technological debris of our powerful technologies.

Anybody who thinks within that system we can grow forever is suicidal. Nothing can grow forever within a finite world. The economy is by far too big now. We foster the notion that we can have the triple bottom line. The triple bottom line is dictated by three priorities—the environment, society and the economy. Usually they are depicted by three circles of equal size. Where the three circles all intersect and all three circles cover this area, is the sweet spot. That's where we focus our efforts to benefit society, the environment and the economy. Nothing could be more dangerous as a concept. The idea that the economy and human society are as big as the environment is crazy. It is crazy to elevate ourselves so that we're as big and important as the environment, to elevate our economy as if it's as big as society itself.

The challenge is to change that paradigm, that way of seeing the world and put ourselves back in the right perspective. The real world is a giant circle, which is the biosphere. Within that real world are 10 to 30 million smaller circles of varying size. That's the 10 to 30 million other species that share the planet with us. Right now one of those circles has become 40 per cent of the larger circle and that is us. I say it's 40 per cent because we are now taking or co-opting or destroying or using 40 per cent of what is called the "net primary productivity" of the planet. What is driving life on the planet is sunlight captured by plants through photosynthesis. All of the energy in your bodies that you need to grow and move and reproduce is from sunlight. Sunlight is transformed into chemical energy by plants and we get that by eating the plants or eating the animals that eat the plants. Sunlight is the energy source that drives all species and we've co-opted 40 per cent of that.

The challenge for us is to shrink that circle. We are far, far too big within that big circle. Within that big circle that's us, the economy should be a much smaller circle. That's the real world and we are faced with real challenges. Are we up to it? We're going to have to be. The question is when are we going to have to face up to it. Are we going to keep avoiding facing up to the challenge and letting our children and our grandchildren who had nothing to do with creating the problem pay the costs in the end? This is a tough one but I think it's got to be done and it's got to be done now.

Thank you.

The appreciation of the meeting was expressed by Andrea Wood, Chief Legal Officer, Wind Mobile, and Director, The Empire Club of Canada.

May 3, 2012

The Hon. Robert Ghiz

Premier, Prince Edward Island

PRINCE EDWARD ISLAND: MEETING THE CHALLENGE OF A CHANGING ECONOMY

Chairman: **Verity Craig**
President, The Empire Club of Canada

Head Table Guests

John Koopman, Partner, Spencer Stuart, and Director, The Empire Club of Canada; Kristan Luong, Student, CW Jefferys Collegiate Institute; Capt. Ellie Clitheroe, Reverend; Jude Welch, Director, Community Relations, Air Canada; Ross Anderson, Vice-President, Government Communications, Policy and Research, Scotiabank; Kaz Flinn, Vice-President, Corporate Social Responsibility, Scotiabank; and David Noel, District Vice-President, East New Brunswick, PEI, Scotiabank.

Introduction by Verity Craig

Ladies and gentlemen, it is now my delight and pleasure to introduce our guest speaker, the Honourable Robert Ghiz, who is the 31st premier of Prince Edward Island.

Before I tell you about Robert's rich history in politics and serving the people of PEI, I thought I would share with you some interesting facts about the province:

- It is our smallest province but connected to us by the world's longest bridge over ice-covered waters—eight miles or 12.9 km.;
- Fifteen per cent of its electricity is wind generated;
- It has some of the best golf courses in Canada; and
- Let's not forget Anne of Green Gables, red soil, potatoes, and the Fathers of Confederation.

For such a small province it has made a big impact and is focused on expanding its presence in the world, which brings me to why we are here—Premier Ghiz.

As Canada's youngest premier, Robert has followed in the family's passion for politics. His father Joe Ghiz served two terms as the province's premier.

Premier Ghiz was born and raised in Charlottetown. After receiving his early education in Charlottetown area schools, he went on to study at Bishop's University where he received a bachelor of arts degree in political studies.

Prior to entering provincial politics, he worked as a special assistant to Prime Minister Jean Chrétien, as well as special assistant to the Minister of Canadian Heritage. He was also employed in the private sector as Manager of Government Affairs for the Bank of Nova Scotia in Ottawa.

The Honourable Robert Ghiz was first elected as a Member of the Legislative Assembly in 2003, and was re-elected in district 13, Charlottetown-Brighton in 2007 and 2011.

Robert became leader of the Liberal Party of Prince Edward Island in 2003, and became leader of the opposition following the provincial general election of 2003. He was sworn in as Premier of Prince Edward Island in June 2007, after leading the Liberal Party to a 23–4 victory in the provincial general election of May 28. He once again led his party to victory in the provincial election of 2011, winning 22 of the 27 seats, and was sworn in again as Premier on October 18. In January of 2012, Premier Ghiz was named Co-chair of the Council of the Federation Innovation Health Working Group along with Premier Brad Wall of Saskatchewan.

Recently Premier Ghiz has travelled on trade missions to China and India and parts of the United States to promote Prince Edward Island and trade.

Ladies and gentlemen, please join me in welcoming the Honourable Robert Ghiz.

Robert Ghiz

Good afternoon. I feel privileged to be here. I am from a small province. We are often overshadowed by the larger provinces, but we are a full partner in Confederation.

We have done a great deal to promote ourselves around the country and world, but still need to do more. We have the best mussels in the world so even though we are small there are advantages.

Commuting is not an issue. The island is only 140 miles across.

Housing prices are relatively inexpensive, crime rates are low, and we have a vibrant economy in agriculture, fisheries and tourism.

We also have emerging sectors—aerospace, renewable energy, IT, and the biosciences. Aerospace is one of our most important industries.

So, we have advantages. But, like everywhere else, we have challenges.

The recession was difficult but it was manageable and we will make significant progress in the next few years.

Let me offer a few indicators.

In 2011:

- Prince Edward Island had the fastest population growth in the country;
- Between 2008 and 2010, during the worst part of the recession, the island had the strongest economic growth in the country;
- Total employment expanded by 2 per cent and we now have 72,000 jobs;
- During the latter half of 2011, our job growth was the second most rapid in Canada— next only to Alberta;
- Full-time employment rose by 2,400;
- Housing starts grew by 24 per cent from 2010 to 2011—the fastest growing rate in the country;
- Total labour income increased by 4.1 per cent;

- Farm cash receipts increased by 17.5 per cent to a new record of more than $475 million;
- Retail sales increased by 6.3 per cent— the highest rate of growth in Atlantic Canada.

The future depends on the private sector.

We have to be cautious and have a balanced approach.

Budget

Our most recent provincial budget is an indication of that approach.

First and foremost we recognize like all jurisdictions that we have challenges. Our gross domestic product is slightly over $5 billion at 5.3.

Our provincial budget is about $1.6 billion.

This year our deficit is about $75 million or so.

However by 2014-15 our three-year budget plan will see us with balanced books.

Here is how:

We have reduced most spending by 3 per cent.

We have raised some fees in line with the regional average.

Increases in health care have been limited to 4 per cent—3.5 in the years ahead. We have to do that because of reduced transfers from Ottawa.

HST

We are the only jurisdiction east of Manitoba without the HST.

We have a level playing field. Recently, a major bank said we are on the right track. This report states that our 2012 budget plan marked a turning point in the fiscal history of our province and for the first time government put forward multi-year fiscal targets for reaching balance.

The bank also says that the adoption of the HST will provide stable and predictable additional revenue, which, while not a guarantee of fiscal success, is a significant building block for sustainable public finances.

So, we have a straightforward plan to achieve balance and this plan recognizes three pressures.

First, of course, is health care.

Second is the federal government.

Third, declines in equity markets have created shortfalls in public-service pension plans and to offset these short falls, the government has had to make contributions during this period.

Economy

A balanced budget will help to complement an increasingly diverse economy.

As you may know, agriculture is our most important industry and last year that sector broke all records in terms of cash receipts. And there is a lot of optimism in the sector.

Tourism—discretionary travel—is also expected to increase.

Emerging sectors like aerospace, that includes Vector Aerospace, Honeywell, and MDS Coating, is headed toward half-a-billion.

The biosciences field, that includes notable names such as Biocevtra, Novartis, and Omni-Actives, employs close to 1,000 Islanders and information technology is a major contributor.

In fact after a recent trade mission I took to India a company based there decided to bring a 300-employee operation to the Island.

It is very important to look outwards.

In addition to travelling to India, I went to China and both these visits have reconfirmed to me and highlighted the tremendous opportunities that these emerging markets present.

One island-based company has launched the first official edition of Anne of Green Gables in Mandarin.

Our work with Chinese partners continues and businesses that participated in our last mission are reporting successful outcomes. I'm also pleased to have the opportunity to visit China once again this coming fall.

Our work continues in these markets as well as in our traditional markets such as the United States and other Canadian provinces.

It is our role to capitalize on these opportunities as they present themselves.

This plan will guide us on how we do business in PEI, with other provinces, with the United States, and with emerging markets like India and China.

Federal Government

I am glad to see governments across Canada take a more energetic role in Asia. It is appropriate for the federal government to take leadership in this. But the federal government also has to recognize the importance of transfers. As Canadians, we all deserve to benefit from our collective wealth.

In 2006, former Alberta Deputy Minister of Finance, Al O'Brien, presented a report on fiscal imbalance and said that the Equalization program was the primary vehicle for equalizing fiscal capacity among provinces.

In his view, the test of success should be that provinces have the fiscal capacity to fund the public services for which they are constitutionally responsible from their own sources, supplemented by federal transfers under a single, robust equalization program with one standard.

Currently, the Equalization program simply does not equalize.

Due to the nature of our economy, PEI has the lowest fiscal capacity in Canada. In part, this is attributable to changes in the Equalization program.

In 2011–2012, the cost of the Equalization program represented 0.85 per cent of Canada's nominal GDP. This ratio is significantly lower than the annual historical average of 1.02 per cent. And according to a study published by the OECD in 2007, 16 countries were analyzed, and equalization represented 2.3 per cent of GDP. This is primarily due to an artificial ceiling on the overall size of the program, a cap tied to the national Gross Domestic Product.

The program also fails to recognize the higher fixed costs of public services faced by smaller jurisdictions. Due to these caps, Prince Edward Island now has the lowest post-Equalization fiscal capacity in Canada.

Another area where the federal government plays an important role is health care.

In December of 2011, the federal government unilaterally announced changes to the way it will be funding health-care transfers for the next 10 years.

This decision sent a clear message to the provinces. Provinces have to do more. I see this as an opportunity for the provinces.

This year, the Council of Federation gave myself, and the Premier of Saskatchewan, Brad Wall, the task of co-chairing a national Health Innovation Working Group. It won't provide all the answers but it should provide a partial roadmap.

As governments we have the responsibility to ensure that we meet the needs of the patients of today and the patients of tomorrow. We all know that a healthy population is also an important component to a strong work force.

Conclusion

A well-educated, healthy work force is the future of both my province and Canada.

Yes, we are blessed with many natural resources, but these will not last forever and our long-term future lies with our people.

For that reason, we have invested heavily in education. We brought a full-day kindergarten program into our public school system. We initiated an early childhood system that is now being cited across Canada as a model for all provinces. We significantly improved access to post-secondary education.

To conclude—yes, we have challenges. We are embracing change and our goal is a work force and a population that is prepared to lead us into the future.

We withstood the worst effects of the recession. We cleared a path forward to a balanced budget. And there are new opportunities in the private sector.

I am fortunate to live in the greatest province in the greatest country in the world.

But, the world is more and more connected and we need to build on those connections. It is up to governments to make wise investment choices.

Thank you.

The appreciation of the meeting was expressed by David Noel, District Vice-President, East New Brunswick, PEI, Scotiabank.

The ever-present fourth estate captures Premier of Prince Edward Island, Robert Ghiz after his address.

May 25, 2012

The Hon. Jason Kenney

Minister of Citizenship, Immigration and Multiculturalism

TOWARD A TARGETED, FAST AND EFFICIENT IMMIGRATION SYSTEM FOCUSED ON JOBS, GROWTH AND PROSPERITY

Chairman: **Verity Craig**
President, The Empire Club of Canada

Head Table Guests

M. J. Perry, Vice-President and Owner, Mr. Discount Ltd., and Director, The Empire Club of Canada; Harrison Carney, Student, Politics of the International Economy, King's College, London; Capt. The Reverend Don McLean Aitchison UE, Chaplain, Trinity College School, and Chaplain, 48th Highlanders of Canada; Ian Goés, Partner, Cumming & Partners LLP; Senator Vim Kochhar; James Egan, Managing Partner of Egan LLP; John Carmichael, Member of Parliament, Don Valley West; and Anita Gupta, President and CEO, NMI Tax Consulting Group, and Director, The Empire Club of Canada.

Introduction by Verity Craig

Ladies and gentlemen, it is now my delight and pleasure to introduce our guest speaker, the Honourable Jason Kenney. Jason Kenney is Canada's current Minister of Citizenship, Immigration and Multiculturalism. He has represented the riding of Calgary Southeast in the Canadian House of Commons since 1997.

Initially elected as a candidate of the Reform Party of Canada, Kenney was re-elected as a Canadian Alliance candidate in 2000, and has since been re-elected four times as the candidate of the Conservative Party of Canada.

The minister has served in a variety of positions in opposition, including finance critic and deputy house leader. Prior to seeking election, Mr. Kenney served as President and Chief Executive Officer of the Canadian Taxpayers Federation.

Following the Conservative victory in the 2006 general election, Kenney was appointed parliamentary secretary for the Prime Minister of Canada. In 2007, he was sworn in as the Secretary of State for Multiculturalism and Canadian Identity, and as a privy councillor. Kenney has held the post of Minister for Citizenship, Immigration and Multiculturalism since 2008.

Today, we are delighted to have Minister Kenney grace the podium and hear his vision on transforming Canada's immigration system.

Ladies and gentlemen, please join me in welcoming Jason Kenney.

Jason Kenney

Good day and thank you all for being here.

It is a great pleasure to be in Toronto to speak with you today.

I would like to thank the Empire Club for providing this forum, and for the work it does in promoting discussion and debate about issues of public interest.

As you know, those of us who have made a career in politics seldom like to brag about our accomplishments.

That being said, I recently received an honour I can't help boasting about. It came from Huffington Post Canada, which named me as one of the "Best MPs on Twitter."

Well, the fourth-best MP on Twitter, to be exact—just short of the Twitter Olympic podium.

At the risk of singing my own praises, which politicians never do, I'm going to read for you the short blurb that accompanied my fourth-place award. It reads as follows: "Jason Kenney's Twitter stream often resembles a travel journal. The Immigration Minister spends a lot of time travelling the country and it shows in his feed and photos. Something else we've learned from following Kenney? He loves purple ties."

I don't have much to add about fashionable neckwear, but I will say that I do have the great privilege to travel frequently throughout the country meeting Canadians of many different backgrounds and from many different communities. And yes, I do occasionally post photos—and 140-character descriptions—from my travels in my Twitter feed. And yes, in a number of those photos, I am wearing purple ties.

Over the past few months I have been travelling even more frequently than usual to every part of the country—from Vancouver Island to Newfoundland, and every province in between.

I have been talking to Canadians about the future of our immigration system. In fact, today's gathering is, in a sense, a culmination of my recent travels, because I'd like to take the opportunity to give you a big picture view of what I have been talking about in individual announcements.

I've been Minister of Citizenship, Immigration and Multiculturalism for three and a half years now. In that time, we have implemented many positive reforms to Canada's immigration system—reforms that have begun to change the system to better serve immigrants, and to better serve Canada.

What I have been particularly excited about lately—and am certainly happy to talk about it at all of my cross-country stops—is that I believe we have arrived at a point of transformational change to our immigration system.

The changes we are planning are long-needed and part of our commitment to ensure the immigration system is managed so as to maximize the benefits to Canada, as well as to new Canadians.

We will do so while sustaining our commitment to family reunification and refugee protection. In particular, we are maintaining one of the world's largest refugee resettlement programs from overseas at a time when other countries are reducing theirs.

I believe that our plans will bring tangible benefits both in the short term and the long term.

Rationale for Change

In January, Prime Minister Harper spoke at the World Economic Forum in Davos. At that influential international gathering, he made clear that Canada's immigration system is a key priority and an integral part of our economic future.

The Prime Minister said: "We will... undertake significant reform of our immigration system [and] make our economic and labour force needs the central goal of our immigration efforts in the future."

The Prime Minister also pointed out that Canada was one of the only developed countries that maintained high levels of immigration during the recent global economic downturn.

Following up on the Prime Minister's words, earlier this spring the government tabled Economic Action Plan 2012. It laid out a vision for "a fast and flexible economic immigration system whose primary focus is on meeting Canada's labour market needs."

What does this mean in practice?

It means the reforms we intend to make in the coming years will foster an immigration system that can fill significant labour shortages across the country and help us meet our economic needs more quickly and efficiently.

We envision a "just-in-time" system, in which the entire process for a skilled immigrant to apply to come to this country, and then to be accepted and admitted to Canada, and gainfully employed here, takes only a few months instead of many years.

It is an ambitious goal, to be sure, but also, in my view, a necessary one. Without changes, the immigration system we have now will not get us to where we need to be.

The problem is really a kind of paradox.

Canada is experiencing huge and growing labour shortages. It is a phenomenon experienced in almost every region of our country, and in a wide variety of sectors of our economy. As I talk to employers, political leaders and working Canadians, I hear similar stories everywhere I go.

The reality is that far too many of the immigrants we welcome here end up unemployed or underemployed. In fact, unemployment for recent immigrants with university degrees is four times higher than among native-born Canadians with university degrees.

That is a waste of the talent and energy of newcomers and erodes their morale. It also underserves Canada.

We are bringing in historically high sustained levels of immigrants, the highest relative levels in the developed world, yet many of them are facing unemployment or underemployment in an economy with huge and growing labour shortages.

It is—as I said—a paradox. And it's one of a number of arguments for changing the way we operate the immigration system in Canada, particularly our economic immigration system.

That being said, we have made significant progress in recent years to focus and direct the immigration system to better meet the high expectations of those it serves, be they immigrants themselves or the broader Canadian public.

Reforms we have undertaken over the past few years have helped to reduce backlogs, reverse wait times, gain better control of intake, crack down on fraud and abuse of the system, and improve the timeliness of the services we provide.

These reforms have better focused our immigration system on fuelling Canada's economic prosperity. For example, the government has placed a high priority on finding people who have the skills and experience required to meet Canada's economic needs.

Provinces and territories now have the capacity to address their labour shortages through an expanded role in selecting immigrants.

But there is still more work to be done to put into effect the plan I described a few minutes ago: an efficient "just-in-time" system that best meets Canada's economic needs.

To get there, we plan to make a number of changes. Let me specify what we plan to do.

Federal Skilled Worker Program

As many of you know, our main economic immigration program has traditionally been the Federal Skilled Worker Program. In fact, more immigrants still come to Canada through this program than through any other.

And what it does is encapsulated very well by its name: It is a federal program that selects skilled workers to become permanent residents, based on criteria that correlate with their ability to become economically established in Canada.

Pre-2008 FSW Backlog Elimination

For the immigration system in general—but especially for the Federal Skilled Worker program—one of the greatest challenges comes from the large backlogs of applications that have accumulated in the system.

The reason they have accumulated is a matter of simple math. In some immigration programs, the number of applications we receive each year far surpasses the number that we have decided to process and admit, consistent with Canada's needs.

Not only this, but prior to legislative amendments that our government made in 2008, the law required Canadian officials to process every single application they received. More applications than admissions create a surplus of applications, that we were required by law to process. Surpluses year after year become a backlog. And a backlog means wait times as new applicants have to wait until earlier applicants are processed, wait times that were extending to six or seven years, or longer.

Since 2008, we've limited the intake of new applications to occupations that are in high demand and to applicants with qualifying job offers. This has helped us to reduce the backlog of pre-2008 applications by half, from more than 600,000.

But the fact is that we still have a backlog of nearly 300,000 skilled worker applications, and wait times of several years, rather than months. Until we solve this issue, we can't get to where our economic immigration system needs to be.

Measures proposed in our Economic Action Plan 2012 will help align the system more closely with our economic needs. They will enable Canada to eliminate the large backlog of old federal skilled worker applications that is gumming up our immigration system. We are closing the applications and returning fees to all affected individuals.

We understand that these individuals will likely be disappointed, and I regret the impact on individual applicants who have waited patiently in long queues. But Canada's interest must be my priority, and we cannot wait until 2017 or beyond to fix this problem.

Of course, applicants whose fees and applications are returned may reapply under the terms of the new FSW program, or any other programs for which they may qualify, such as the Provincial Nominee Programs or the Canadian Experience Class.

If they possess the skills Canada needs now, they are likely to receive much faster processing than they would have by simply waiting in the backlog. New FSW applications are processed within 12 months.

By moving quickly to eliminate this longstanding backlog, we will be able to shift our processing priority towards newer federal skilled worker applicants who will be evaluated under a new points system that will better ensure they have the current, in-demand skills that our economy needs. This will, I believe, transform the system.

Potential Creation of a Pool of Skilled Workers

In recent months, I have spoken about going further in the future than just passively accepting immigration applications. I have talked about the need to actively recruit people to come to Canada to fill specific skills shortages.

As we move toward a "just-in-time" immigration system, we are looking at international best practices in this regard.

In recent years, New Zealand and Australia—countries with immigration systems similar to ours—have made their systems nimbler, more flexible and more responsive to modern labour-market realities.

Like us, New Zealand legislated an end to its backlog in 2003 and put in place a system where prospective applicants can be selected from a pool made up of prospective immigrants with the skills, experience and education that are most needed in that country.

Australia is introducing a similar system this year.

Rather than having to process all applications, regardless of whether an applicant's skills match current labour market needs, their resources can now be put towards actively matching the best recently qualified applicants to current economic needs and even to specific companies, that can use the pool of applicants as a pool of prospective recruits.

One of the lessons from New Zealand's experience with a "just-in-time" system, is that backlogs do not accumulate, because there is no obligation to process every application, only those of the skilled workers selected from the pool of applicants for immigration.

We want to explore with provinces, territories and employers approaches to developing a similar pool of skilled workers who are ready to begin employment in Canada.

The goal would be a simplified and expedited immigration process that selects the applicants with the best and most in-demand qualifications and, at the same time, eliminates the scourge of backlogs, which, as we have seen, can bring an immigration system nearly to a standstill.

FSWP Points System

As we explore options for a more significant overhaul of the applications system in the coming years, we are already taking steps to improve our economic immigration system in other ways.

We are currently working to improve the points system for our Federal Skilled Worker program to bring it more in line with the needs of our modern economy.

In 2010, we completed an extensive evaluation of the FSW program which suggested that overall it is working well and selecting immigrants who perform well economically.

It also showed that selecting applicants based on human capital criteria has led to dramatically improved outcomes. "Human capital criteria" is one of those terms that policy wonks and officials use, and which politicians love to throw about because it sounds clever and cutting edge. Really, it's an unfortunately impersonal bit of jargon for very important, very personal attributes.

Here is one example: official language proficiency. The data clearly show that skilled immigrants who speak French or English well will be more successful in the Canadian job market. Not only will they be better positioned for their first job, they will also be more resilient if they are laid off and have to find another job, perhaps even in a different field.

Beyond this, another strong indicator of success is prearranged employment. Skilled workers do better if they immigrate to Canada with a job offer in hand.

In fact, our data show that federal skilled workers with an arranged employment offer earned an average salary of $79,200 three years after landing, compared to $44,200 for those without.

This is common sense, but our current points table does not adequately reflect this fact.

So we need to simplify the process for employers to hire the skilled workers they need and to get them here sooner.

Based in part on our extensive data on outcomes for skilled workers, and also on recently-completed public consultations, we intend to propose changes in coming weeks to the selection criteria that will include more emphasis on language ability, youth, arranged employment, and other factors that experience has shown are good predictors of success.

Our goal is to have a better FSW program in place by the end of this year.

Skilled Trades

Another notable change is coming to the FSW program. We intend to create, for the first time, a separate stream for skilled tradespersons, which would allow these applicants to be assessed based on criteria geared to the reality of their specific qualifications rather than false hopes, putting more emphasis on practical training and work experience rather than formal education.

I am talking about workers in construction, transportation, manufacturing and service industries that are in high demand in Canada, particularly in the natural resources and construction sectors.

During our consultations last year on improving the Federal Skilled Worker Program, stakeholders agreed that changes were necessary to make the program more accessible to tradespersons, who have traditionally been disadvantaged due to criteria in the points grid that is better suited to professionals.

So we are taking concrete steps to do a better job of welcoming skilled tradespersons to the country.

Provincial Nominees

While the Federal Skilled Worker Program is still our largest economic immigration program, in recent years, provinces and territories have begun to play a much bigger role in selecting economic immigrants under the Provincial Nominee Programs.

The PNP, as it's known, has, in fact, grown over the past decade to become the second-largest economic immigration program after federally selected skilled workers, and not far behind.

As of this year, the Provincial Nominee Program will have grown sevenfold from just over 6,000 permanent residents in 2004 to planned admissions of 42,000 in 2012.

The expansion of the PNP has also brought about a better distribution of newcomers across the country.

The majority of newcomers used to settle in Toronto, Montreal and Vancouver, even though strong job opportunities were available in other regions.

Thanks in large part to the PNP, 37 per cent of all economic immigrants in 2009 intended to settle in cities outside the "Big Three." Immigration to the prairie provinces has tripled and, in Atlantic Canada, it has doubled.

So, not only has this program been good for regional economic development, but I would argue that it has been an exercise in nation-building, expanding the benefits of immigration to every corner of Canada.

We have supported enormous growth in the number of provincial nominees in recent years because it makes sense for the provinces and territories to have the flexibility to meet regional needs.

But we must ensure the Provincial Nominee program complements federal immigration programs, and that provincial nominees can have a lasting impact on our economy.

While we consider the overall program to be a success, there is room for improvement. In the short term, we see that provincial nominees are actually doing better financially than federal skilled workers. But research shows that federal skilled workers tend to do better financially in the longer term.

Part of the reason is the federal system's emphasis on language proficiency, which allows workers to adapt their skills and move more easily within the national job market over time. That is why a recent evaluation of the PNP recommended that we establish minimum language standards for all provincial nominees.

We are taking action on this front. As of July 1, provincial nominee applicants in semi- and low-skilled professions will have to undergo mandatory language testing and achieve basic proficiency in comprehension, speaking, reading and writing.

Language is an important component of the economic and social well-being of immigrants. I am happy to see that the provinces will be doing their part in making sure that immigrants have the language skills they need to succeed.

At the same time, the government will work with the provinces and territories to better focus the PNP on direct economic and regional labour market needs and to eliminate overlap and duplication between the federal and provincial programs, including family reunification, investment, and student streams.

Canadian Experience Class

Our newest economic immigration program—which has already had quite a bit of success since we introduced it in 2008—is called the Canadian Experience Class.

This program allows temporary foreign workers and international students with skilled work experience and/or education in Canada to apply for permanent residence.

The idea to create such a program was driven by common sense backed by hard data, which tell us that those immigrants who already have some Canadian work experience or education do much better than those who don't.

The CEC is an effective program because applicants already have valuable Canadian work experience, and often Canadian diplomas and degrees that will be immediately recognized by Canadian employers.

In many cases, they already have a job lined up. In short, they are set for success.

The program has been growing quickly since it was introduced, with admissions increasing from about 2,500 new permanent residents in 2009 to more than 6,000 last year. Even more are expected in 2012.

Currently, to be eligible to apply, applicants under the temporary foreign worker stream of the CEC must have 24 months of full-time work experience in Canada within the last 36 months.

Under new proposed regulatory changes, however, we will be reducing the requirement to 12 months of Canadian work experience.

This change goes hand-in-hand with another proposed change to provide new graduates of Canadian universities and colleges a two-year open work permit, to encourage them to stay and settle in Canada, and to use their Canadian qualifications in the Canadian labour market.

Another major benefit will be to make it easier for skilled tradespersons working in Canada to transition to permanent residence and become a permanent part of the Canadian labour market.

Immigrant Investor Program

Another immigration program we will be improving is the Immigrant Investor Program, or the IIP.

Our goal in this regard is to best determine how we can encourage more active foreign investments in the Canadian economy.

There are, for example, many very well-off people who would like to come to Canada and who are prepared to invest in our economy, but up until now we have only required that they provide an $800,000 interest-free loan to the government, which they get back after five years.

In essence, an "investor" receives permanent residence in Canada for the carrying costs of a five-year guaranteed loan. That's not a particularly good bargain for Canada.

We need to ask more from foreign investors.

When you compare our Investor Program to those in Australia, New Zealand and the United States, you see that they require an active and durable investment in their economies, which we do not.

We need an investor program that brings in real capital, to ensure we have long-term growth in jobs and the economy.

We need a dynamic program that allows immigrants to invest directly in the private sector, without overly cumbersome government involvement.

Instead of just lending money to provinces and territories for five years, we will explore ways in which to attract immigrants who want to invest in Canada's future by making significant investments in private-sector innovation and growth, such as through venture capital.

I need to be clear here that improvements to the existing IIP would be rolled out over a longer timeframe, as any changes would require extensive consultations with provinces and territories, particularly Quebec, which operates its own Investor program under provisions in the Canada-Quebec Accord.

We will also be consulting with the private sector, which, after all, is the real source of economic growth and the repository of knowledge of what is best for the Canadian economy.

Federal Entrepreneur Program

We are also hoping to tap into the entrepreneurial spirit that so many immigrants seem to have by developing new approaches for a Federal Entrepreneur Program.

Last summer, we implemented a temporary moratorium on applications. This was another example of a program that was plagued with a large backlog and with unacceptable processing times of five to six years. In addition, the criteria for inclusion in the program tended to favour small, safe business ventures rather than innovative or entrepreneurial ideas.

So we consulted with industry associations on how to develop a program for innovative entrepreneurs that would bring the best and brightest entrepreneurial talent we can to Canada.

The idea is to proactively target a new type of immigrant entrepreneur, people who have the potential to build companies that can compete on a global scale and create jobs for Canadians. In the race for global talent, countries that do not open themselves up to highly mobile entrepreneurs will quickly fall behind economically.

We will not stand by and let Canada miss out as creative minds look for a place to locate their start-up businesses. We want to send a clear message that Canada wants them, their talent, their ideas, and their businesses.

Foreign Credential Recognition

One issue that touches economic immigrants across all of our different programs, and one I hear about everywhere I travel, is Foreign Credential Recognition.

Canada needs immigrants who are ready, willing, and able to fully integrate into Canada's labour market, particularly where there are existing skills shortages.

But we also need to make sure the skilled immigrants we choose are the ones Canada in fact needs and that, once they arrive here, they are able to put their skills to use.

One of the historical mistakes we need to correct is the common situation where skilled immigrants come to Canada only to discover too late that their credentials aren't recognized here or require significant investments of time and money to be brought up to Canadian standards.

Economic Action Plan 2012 commits us to continue our work with provinces, territories, regulatory bodies and national associations, to speed up and streamline the credential recognition process for regulated professions, creating—as much as possible—a common national approach for the assessment of foreign credentials.

This collaborative process is called the Pan-Canadian Framework for the Assessment and Recognition of Foreign Qualifications. It's a long name for something with a simple goal: to give applicants for licences in 14 target occupations an answer, within a year of applying, on whether their credentials will be recognized or whether they need more training.

To date, we have processes in place for eight regulated occupations, and an additional six are currently working to meet the framework's principles by December.

Eventually, as part of the transformational changes that we are looking at making to our immigration program, we would like to propose moving to a mandatory assessment of foreign educational credentials as part of the selection process for Federal Skilled Worker Program applicants.

This would mean that, before we accept them, applicants would be required to have their educational credentials assessed by a designated and qualified third party to determine their value in Canada. They would then only receive credit for their qualifications if they are equal to Canadian qualifications.

It's important to note here that the process I am describing is separate from the more in-depth assessments that regulatory bodies use to license professionals from other countries.

In an ideal world, applicants would come to Canada with their qualifications fully recognized and fully accredited, or at least well on the way to accreditation by Canadian licensing bodies, to allow them to integrate immediately into their profession in Canada. But that is a long-term project, and one that will require the provinces and independent licensing bodies to step up and work closely with us.

In the meantime, we need to at least give people some comfort before they arrive in Canada that their degree will be considered equivalent to a Canadian degree, so they can have realistic expectations when they arrive, and so Canada can be sure we are bringing in people who have the tools to succeed.

Our goal with this change is to better select immigrants, so they can hit the ground running once they arrive by integrating quickly into our labour market.

Parents and Grandparents Program

I've mentioned backlogs in the context of our economic immigration programs, but they have also been a problem in what we call our "Family Class."

Perhaps the best known of our Family Class immigration streams is the Parents and Grandparents Program, which allows Canadian citizens and permanent residents to sponsor their parents and grandparents from abroad.

As of last year, this program suffered a huge and growing backlog of 165,000 applicants, with processing times of seven years.

We began to take action on this last fall, when we announced the first phase of the Action Plan for Faster Family Reunification. It included an increase of about 40 per cent in the number of sponsored parents and grandparents that Canada will admit from 15,500 in 2010 to 25,000 this year in order to help clear the backlog.

At the same time, we initiated a temporary pause of up to 24 months on the acceptance of new applications, to give us time to redesign the program.

We also introduced a parent and grandparent multiple-entry Super Visa, which is valid for up to two years. This enables parents and grandparents living overseas to visit Canada as many times as they want without placing an undue burden on Canada's generous health-care system and other social benefits.

We plan to have a new and sustainable Parents and Grandparents Program by the fall of 2013.

Our redesigned program will be designed to avoid the problem of future backlogs, while being sensitive to fiscal constraints, bearing in mind Canada's generous health-care system and other social benefits. It will be a program that is fair to all Canadians.

Safeguarding the Integrity of the Immigration System

As we move forward with these changes, we will continue to implement policies that safeguard the integrity and security of our immigration system.

I always like to stress the fact that the security and integrity of the immigration system go hand in hand with that system's ability to best serve our society and our economy.

By developing laws, policies, and practices that make our immigration system more secure, we ensure continuing support for immigration, which in turn allows us to maintain the open, generous approach to immigration which has served our country so well throughout our history.

I like to quote New York Times columnist Thomas Friedman on this topic. He once wrote that when an immigration system has integrity, it makes the population at large more secure about immigration "and able to think through this issue more calmly." Friedman was writing about his own country's immigration challenges, but I think we can all agree that we'd never want Canada to lose the ability to discuss immigration policy calmly and intelligently, without the shrill demagoguery we sometimes see in other countries, on both sides of the political divide.

The most prominent recent example of our efforts to bolster the integrity of the immigration system is obviously Bill C-31, the Protecting Canada's Immigration System Act, which is currently before Parliament.

If passed, this bill would implement long-needed reforms to the asylum system, crack down on human smuggling, and enable the introduction of biometric technology for the mandatory screening of temporary resident applicants.

Another area in which we are taking action is in combating marriage fraud: marriages of convenience that are used by some as a quick and easy route to Canada, when these individuals never intended to stay with their spouse or partner. Tragically, some spouses are duped into marriage fraud, although others are themselves complicit in such plots.

In order to combat this abuse of our immigration system, we are bringing in new regulations that would require spouses or partners in new relationships to remain together in a legitimate relationship for two years following receipt of permanent residence status in Canada for a sponsored spouse.

Another recent measure, which came into effect in March, placed a five-year bar on a person who comes to Canada as a sponsored spouse from, in turn, sponsoring a new partner or spouse themselves.

Finally, we are making efforts to better regulate the immigration consulting business and to tackle immigration fraud by cracking down on unscrupulous individuals who try to cheat the system. Visa scams and application fraud cause tremendous damage to the immigration system and to individuals and families who want to come to Canada as immigrants, temporary workers, or visitors. We know we must take aggressive action against the activities of those unscrupulous representatives who facilitate fraudulent schemes and who defraud innocent victims.

Bill C-35, which came into force last summer, imposes penalties on unauthorized representatives who provide, or even offer to provide, advice or representation for a fee at any stage of an immigration application or proceeding.

Through that Act, we were able to designate a new regulator for immigration consultants—the Immigration Consultants of Canada Regulatory Council, or the ICCRC—which has been doing a great job so far in combating fraud and in helping to safeguard the integrity of Canada's immigration processes.

Thanks to other provisions in that legislation, we were able to enact—just a few weeks ago—regulations that will allow my department, the Canada Border Services Agency, and the Immigration and Refugee Board to disclose information about the professional or ethical conduct of immigration representatives to those responsible for governing or investigating that conduct.

Conclusion

I am glad to have had the opportunity today to talk to you about some of the transformational changes we are planning for our immigration system.

We think we have made significant progress in recent years to focus and direct the immigration system to better meet the high expectations of those it serves, be they immigrants themselves or the broader Canadian public.

Reforms we have made have better focused our immigration system on fuelling Canada's economic prosperity.

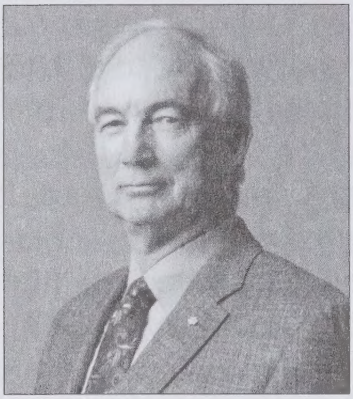
We believe this is good for Canada, and for new Canadians. We believe that most people come to Canada to work and make a better life for themselves and their children. The best way we can help them is to ensure that our immigration system is designed to give newcomers the best possible chance to succeed. We believe we have done that with our changes to date.

But I am convinced we need to do more and to deliver further changes that will better generate economic growth and long-term prosperity for Canadians, new and old.

Canada needs a system that recruits people with the right skills to meet labour market needs in every part of the country, that fast-tracks their applications and gets them working in Canada as quickly as possible. Because I've talked to thousands upon thousands of newcomers to Canada, I can tell you with absolute conviction that that is what new Canadians want. And it's what Canada needs.

Thank you very much.

The appreciation of the meeting was expressed by Anita Gupta, President and CEO, NMI Tax Consulting Group, and Director, The Empire Club of Canada.



June 4, 2012

Dr. Gordon McBean

Director, Policy Studies, Institute for Catastrophic Loss Reduction, University of Western Ontario

TELLING THE WEATHER STORY: CAN CANADA MANAGE THE STORMS AHEAD?

Chairman: **Verity Craig**
President, The Empire Club of Canada

Head Table Guests

Lou Natale, Managing Director, NBV Group, and Director, The Empire Club of Canada; Jerica Calbalquinto, Percy Johnson Catholic High School; Captain Reverend Daniel Saugh, QOR Regimental Chaplain; Mike Wallace, Senior Vice-President Reinsurance and PSI, Royal and Sun Alliance Canada; Gregor Robinson, Senior Vice-President, Policy and Chief Economist, Insurance Bureau of Canada; Geoff Wilson, President and CEO, Toronto Port Authority, and Director, The Empire Club of Canada; Chandra Sharma, Etobicoke-Mimico Watershed Specialist and Senior Manager, Climate Programs Toronto and Region Conservation; and Mark Tullis, Senior Vice-President and CFO, Intact Financial Corporation.

Introduction by Verity Craig

Ladies and gentlemen, it is now my delight and pleasure to introduce Gregor Robinson who will be making the formal introduction of Dr. McBean.

Mr. Robinson has over 37 years of experience in economics and policy development. He has worked in various economist and policy positions for Ontario's Ministries of Finance, Energy, and Natural Resources. He served as President of Plain Language and Design Inc. (PLD Consultants—Plain Language Economics) for over 20 years. Most recently, he served as Vice-President, Policy and Economics Analysis, for the Ontario Energy Association.

Joining Insurance Bureau of Canada in 2011, Gregor leads strategic research and economic analysis to address public policy matters affecting the insurance industry and its consumers. Gregor is a past President of World Literacy Canada and a former member of the Board of Directors for St. Stephen's Community House. He holds an undergraduate degree in economics from the University of Toronto and a master's degree from the London School of Economics and Political Science.

Gregor is an accomplished author and has been published in journals and magazines across Canada and the U.S.

Ladies and gentlemen, please join me in welcoming Mr. Robinson.

Gregor Robinson introduced Dr. Gordon McBean.

Gordon McBean

Thank you very much. I'm very honoured to, first of all, speak to such an illustrious group of people, but also when I've been told who else has spoken to this club, even more honoured. But let me say that I want to talk to you about weather today. I'm a weather guy by background and understanding.

This report, although I'm speaking about it, was prepared by a team of people from the Institute for Catastrophic Loss Reduction. Paul Kovacs, one of the team members, is over there and others are here. I've worked with many scientists around the world. This is not something that just one person can assimilate. We have tried to bring the information together in a way that is concise, scientific and credible.

So let me proceed right away. First of all thank you for the introduction. Weather has had a big impact on Canada. The Montreal ice storm of 1998 caused over 30 deaths, $1.9 billion in insured losses, and probably $5 plus billion in socioeconomic losses and months of impact.

The Slave Lake fire caused $700 million insured losses. There were fires in the Kelowna area of British Columbia a few years ago, causing $227 million in losses. These are the insured losses because we can easily document them. The social costs, the economic cost to society, add many millions beyond these.

The biggest event here in Ontario caused $625 million in insured losses when Finch Avenue went out due to the rain event in August 2005. Most of that damage was caused by flooding down rivers and in through the sewer systems and the basements of yours perhaps and many other homes in the Toronto area. We had events of a similar type in Calgary 2010, 2009, one here in Ontario in 2009 as well, and a Calgary hail event at over $400 million way back in 1991.

These cause huge economic impacts and with them social impacts. Flooding is a big issue in Ontario as well, but also in Alberta, in Quebec such as the Saguenay flood, and in Winnipeg repeatedly.

With tornadoes, usually the costs are not quite so large but the dramatic impact on society is huge. Examples are the Goderich tornado of just last year and the Vaughan tornadoes of 2009. The biggest tornado in terms of economic effects was in Edmonton back in 1987, but we've had tornadoes in many parts of Canada.

And the unthinkable occurred only last Friday. If you were wandering through Union Station you'd be up to your knees in water. I happened to be in Montreal at the same time and the hotel I was in actually locked its doors so water could not get in. People who unfortunately went out for a break couldn't get back into their meetings.

We are seeing these events happening regularly around our country and around the world as defined by Munich Reinsurance. It has tabulated since the 1980s what it calls great and devastating global disasters. If you look at them, the number of earthquakes and volcanoes is sort of flat. There are a number of them every year. They're continuing. They have a tremendous and unfortunately devastating impact. But the number of climate-related ones is going up—floods, storms and droughts—and these things are affecting societies around the world.

The statistics of weather and climate are changing. We can look back over the last 150 years at the simplest parameter, the average temperature of the globe, and it's been going up. In the last 50 years, the warming rate has been about 0.13 degrees C per decade, but if we look at the last 25 years we're up to 0.18 degrees C per decade. The warming rate is escalating.

And the result of this, as concluded by the Intergovernmental Panel on Climate Change in its 2007 Global Assessment, was that the warming of the climate system is unequivocal. This is looking at temperature changes at the surface, and temperature changes through the atmosphere. Warming is occurring from the surface right up to the tropopause. We are seeing the loss of sea ice and we're seeing the loss of land ice. We're seeing the oceans warming. All of these factors working together are leading us to the conclusion that we are indeed warming. There is no doubt about it.

And to bring you up to date, the World Meteorological Organization in its 2011 report—it hasn't come up with the 2012 one yet—ranked 2010 as the warmest year on record. So we're continuing to warm even past the IPCC 2007 report.

So what does this mean? We can show this warming is due to increased concentrations of greenhouse gases. We know how they are going to project for at least the next 30, 40, 50 years. So let's look ahead and see what is the projected warming for the years to come. First of all we had that warming, as I said, of 0.13 degrees C per decade, and then 0.18 degrees C per decade.

Now let's project ahead from the year 2000 say to 2050. The best estimate is we'll continue to warm at a rate at least equal to 0.2 degrees C per decade and probably more. Unfortunately greenhouse gas emissions are going up. They're going up twice as fast this decade—the decade of 2000 to 2010—than they did in the 1990s. And so if anything, we'll be warming faster.

So let's assume at least 0.2. We're looking at a relatively conservative projection ahead of what we've seen in the recent past. There's scientific uncertainty on this. We don't know. We know it's not going to be zero, but it could be much warmer or it could be a little less. Let's go with the upper limit. We could be looking at three to five degrees Celsius warming by the end of the century. That's three to five degrees warming in 100 years.

So what does that mean? Let's go back in time. This is the last 400,000 years on the planet. We know there are warm periods and there are cold periods, Ice Ages we call them. The last Ice Age ended about 20,000 years ago and about 10,000 years ago we went into what is basically the warm period that we are still in. These are purely natural phenomena. Humans had no role in this. I could explain it but we need a beer and half an hour of time to do that.

If we look at global temperature and arbitrarily define the present as zero, the warmest we've seen in 400,000 years is maybe a degree Celsius warmer than present. And we know that during an Ice Age, when most of what is now Canada was covered with one, two or three kilometres of ice, the global temperature was actually only five, six, seven degrees Celsius colder than the present.

As I said, we warmed from the last Ice Age approximately five to seven degrees Celsius over 10,000 years. We can say that the projected warming over the next 100 years will be about two to four degrees, possibly five degrees Celsius. The point is that the rate of warming is at least 50, could even be 100 times faster, than it was ever naturally on this time scale on our planet. It's rates of warming we're concerned about.

So what does this mean for us? It means, and we're focusing on Canada today, we will have much warmer winters. The winters will be much warmer in Canada than the average around the globe. Canada will warm probably about twice as fast as the global average because the oceans are warming at a slower rate. Russia and Northern Europe will warm at the same rate as we will. We're not being selected out. It's because of our latitude and the fact that we're a land mass.

Four and a half degrees Celsius in the higher regions, three and a half degrees Celsius where we are now, by 2050. Summers will not warm as much—almost three and a half degrees Celsius in our part of Canada in the South, and almost no warming in the North because of the role of the loss of sea ice and other things.

Equally important though is the change in precipitation. We will have in the wintertime much more precipitation. There will be more rain than snow but we'll see a lot more rain. In the summertime in southern Canada, there will be less than 10-per-cent change—a slight increase or no change.

What is of concern though is that in the West, the Okanagan regions of British Columbia and southern Alberta will actually see a reduced amount of precipitation. With much hotter temperatures forecast we are really concerned about drought. Where will the water come from? That nice wine bottle you gave as a prize will have to come from somewhere other than the Okanagan.

Another thing is snow. We're going to have warmer winters with more rain and less snow. Many parts of Canada will have basically almost no snow in March.

They'll have snow in the middle of winter. The winter will be shorter and the snow will melt earlier. So if you're planning your ski vacations for March 2050, I suggest you move them to January.

We have to be concerned about these things. What we're really concerned about though are daily average winds across Canada, which already wipe out buildings as in this construction site. We'll see right across the country increases of 10 per cent or more in average wind speed conditions.

Off the east coast of Atlantic Canada, we will see an increased frequency of heavy hurricane conditions. We won't necessarily have more hurricanes, but the hurricanes that happen will be of more intense precipitation and have an average higher wind speed. So that's a concern in Atlantic Canada.

Sea level is another issue of concern. The sea level is rising and it is rising in fact faster than we in the scientific community thought it would. The British Columbia government has been looking into this and it is now projecting that for the next 20 to 50 years we should be planning on a half metre of sea level rise, and by the end of the century more than a metre of sea level rise. If you're in a coastal area or you live on Prince Edward Island, one metre of sea level rise gets pretty close to making PEI two Prince Edward Islands—plural. We need to be worried about these things. The Vancouver International Airport is actually already at sea level.

What we want to focus on today are the extremes. We think about 30 degrees Celsius as a hot day. We think of winds of a certain number of kilometres an hour or a certain rainfall rate of so many millimetres per hour in an absolute sense.

If we shift the means we necessarily shift the frequency of occurrence of those extreme events. For example, in this diagram here, if you have an event that occurred once every 40 years and you just shift the mean by one degree, that event now starts to occur once every six years. What we're going to be talking about now is the shifting of the statistics of extreme events.

We'll first of all talk about temperature. This is a pretty complicated diagram from the Intergovernmental Panel on Climate Change. It says that it is virtually certain that increases in the frequency and magnitude of warm daily temperature extremes will occur and also decreases in cold extremes, with fewer cold days but many more hot days.

Focusing on the hot days, if we take the hottest day we have had over the last 20-year period, that event by 2050 will be occurring once every three years. So it's not once in 20, but once in three years for that hot day. That has effects on our human health. It has effects on our infrastructure such as the buckling of railway lines. Those nicely aligned rails may actually change with the heat. Other structures are affected by heat, but human health is an issue.

I live in London, Ontario, so we'll focus on London. We used to have back in the '61 to '90 period about eight hot days per year, again defined as over 30 degrees Celsius. By 2020 to 2040 we'll be up to 22 of those hot days. By the middle of the century we'll be up to over 30. In other words, a month of hot days. It won't be a month in a row, but over that now extended summer period, we'll have approximately four or five times more hot days per summer. By the end of the century we'll be up to over 60 hot days per summer. This depends on which of the emission scenarios we follow, but it's a typical number.

Some of you may recall that in August 2003 there was a record-setting heat wave across Western Europe. The estimates are now that more than 70,000 people died prematurely in Western Europe, mostly in France actually. Fifteen thousand in France died due to a heat wave in August 2003. The estimates are that by mid-century that record-setting heat wave will happen every second summer. We have to adapt to it and the Europeans are working on that.

With precipitation events, such as the one we had at Union Station Friday and on Finch Avenue in 2005, a once-in-20-year event will become a once-in-every-10-year event. In other words, they will happen twice as often by 2050. We need to be factoring these kinds of things into the planning of our infrastructure and in the way in which we design our cities.

The Eastern Canada ice storm I mentioned earlier caused 30 deaths and $5 billion plus in damages. That was due to ice, freezing rain. Projections are that in the Ottawa-Montreal-Quebec City area, we will have an increase in the number of freezing rain events of more than four hours duration by over 50 per cent and those freezing-rain events that last for six-plus hours will increase by maybe 80 per cent by 2050.

In the Montreal event or the Eastern Canada event freezing rain just basically downed all the power lines and had impacts on other structures such as the trees you can see in these pictures.

We mentioned the Slave Lake fire. We have lots of wildfires in Canada and unfortunately the projections are that with warmer conditions and changing precipitation patterns we will see many parts of Canada with not only increases, but increases over 50 per cent, sometimes over a 100 per cent in the number of wildfires by 2030. This is a publication by a group of scientists on this issue and the fires are due to both lightning and humans. They've tried to model both factors. In both cases it is the warmer conditions that make the vegetation more susceptible.

When we get to things like tornadoes and hailstorms, it's harder for us as scientists to be honest. We can't say for sure how they're going to change for several reasons. One is because these kinds of events are very rare. We have not really got good data sets on them. They're occurring on too small a scale to predict in a climate model.

But more hot days usually trigger a tornado. So the risk is there. We can also look at the United States, just south of us. It gets lots more tornadoes than we do and typically the climate bands are, in a sense, moving northward as we warm the climate.

From a point of view of risk management, I think we have to assume the risk of more tornadoes is such that they will become more of an issue in the future than they have been in the past.

But across Canada these effects will be quite different and I just wanted to end in a few minutes by referring to some of the changing extreme events that will impact Canada differently and compare southern Canada, roughly where we are now, with the North and compare Alberta with Atlantic Canada. Looking at southern Canada, more hot days will be a big issue for our health. Health Canada and other organizations are working to provide heat-alert response systems. Environment Ontario is working on this. More heavy precipitation and flooding events are what we need to be planning for in southern Ontario.

We're seeing and hearing from the people of the North. I've been to Iqaluit several times and other villages in the North. The residents are reporting that as the sea ice is melting there are more storms and in the old days it didn't matter because the ice protected the coastline. Now the winds push the waves up, the sea level is rising, and there are coastal erosion effects on the villages that are almost all coastal communities. Weather extremes are likely to become more frequent and intense in the changing climate.

We also think of changes in other things like permafrost. It turns out that most of the transportation in the North is actually done on ice roads in the wintertime. Winter roads are typically open 70 days a year. The mining company for the Diavik diamond mines trucks in everything. With a reduction in the length of that ice-road period of time, 13,000 tonnes of dry cargo and 11,000 tonnes of fuel are flown in that would have been brought up by trucks in the past.

In Alberta we expect to see summers with more hot conditions and heavy precipitation, the potential for tornadoes like the tragic event of Pine Lake in 2000 and risk of flooding. In Atlantic Canada with sea level rises, we expect to see hurricanes with stronger winds. This is Hurricane Juan in September 2003 that went through and caused huge social and economic damage in Atlantic Canada. Those are the kinds of things we worry about and we're seeing communities working together now.

Dave McLeod from the City of Toronto was part of a group of 30 individuals representing several sectors in the transportation, telecommunications, energy, utilities, oil and gas areas, and municipalities, academia, and consultants. Their conclusions were that increasing frequency of extreme weather is a concern for many sectors. The sectors understand this.

They need assistance from the government that's required to develop regional plain language information on current and future probability of extreme weather. This information is needed to conduct extreme weather risk assessments on what may be part of an organization's enterprise risk management and/or environmental and/or emergency management planning.

Canadians and people around the world will need to adapt. We define adaptation as making adjustments in our decisions—what we choose to do and not do in our activities and thinking because of observed or expected changes in climate in order to moderate harm and take advantage of the new opportunities.

If you're thinking ahead, it's all not bad, but the reality is that almost all economic studies show that the costs of no action are much more than the cost of the actions we need. We need to be taking action because the climate is changing. The trends are affecting Canadians already. Severe weather is projected to increase over the next 40 years. The climate will continue to change with varying impacts across Canada's regions and private- and public-sector leaders need information about regional climate trends in order to adapt for the future. Canadians and Canada must adapt to this new reality.

Thank you all very much for your attention. And I hope we'll all be working together in the decades to come to make Canada and the world a better place for everyone. Thank you.

The appreciation of the meeting was expressed by Lou Natale, Managing Director, NBV Group, and Director, The Empire Club of Canada.

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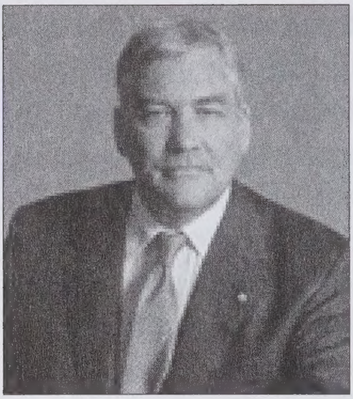
Can Dr. Gordon McBean weather the storms?



June 22, 2012

Lord Conrad Black

Former newspaper publisher, author, columnist, investor

MY PERSPECTIVE OF CANADA AFTER AN ABSENCE OF FIVE YEARS

Chairman: **Verity Craig**
President, The Empire Club of Canada

Head Table Guests

John Koopman, Partner, Spencer Stuart, and Past President, The Empire Club of Canada; Captain Dr. John Niles, Senior Minister, St. Andrews United Church, Markham, and Past President, The Empire Club of Canada, Doug Kelly, Publisher, National Post; Howard Sokolowski, President, Metropia; Seamus O'Regan, Correspondent for CTV News; Doug Pepper, President and Publisher, McClelland & Stewart; Duncan Jackman, Chairman and CEO, E-L Financial Corporation Ltd.; Andy Brethour, President, PMA Brethour Realty Group; Peter K. Large, Past Chairman, Royal Commonwealth Society; and Michael Levine, Executive Vice-Chairman, The Historica-Dominion Institute, Westwood Creative Arts Ltd., and Director, The Empire Club of Canada.

Introduction by Doug Pepper

Conrad Black

As most of you know, I have had to get through some quite difficult moments since my last appearance before this club. No one who has not gone through it can know the loneliness of unjust conviction and confinement in a society that is generally assumed to be just. Many of you are buyers of my book about these travails; there has been no factual challenge at all to that book and you will be relieved to hear that I have not come here to talk about any of that and will speak no more of it today.

Living in the belly of the great American beast, and having seen the underside of Norman Rockwell's and even Bill Buckley's America in these times, gave me a refreshed perspective on Canada and its evolution and distinction from the United States. What I would like to talk about will require a recitation of mainly familiar facts. A friend graciously sent me the comment of a Maclean's blogger last night that my remarks today would be laborious and the most interesting point today would be the identity of those attending here. He may be correct but I think I will be brief enough to keep alive for you the prospect for you of a sleepless afternoon.

It was only 208 years, less than three long lives, from the accomplishment of American independence in 1783 to the collapse of the Soviet Union and of international communism in 1991. This was the greatest and most bloodless strategic victory in the history of the nation state and completed in less than three long lifetimes America's transit from colonial obscurity to world supremacy, a progress that is without the slightest parallel or precedent in all history.

No one should seek to deny the United States credit for this amazing rise, nor withhold from it the gratitude it earned from the whole world, whether it has received it or not, for the triumph of democracy and market economics. There were only 12 democracies in the world when I was born in 1944, and more than 10 times as many today. But nor should anyone doubt that a profound reckoning awaits between the mythos of America as the "shining city on a hill," and the vagaries and fissures of its society today.

As for Canada, Theodore Roosevelt famously wrote over a century ago that Canada was neither a country nor a colony, and that Canadians were unhappily ambivalent. More probably, as I recall, we have been disconcerted at our inability to do more in the councils of the world for a long time than tug purposefully at the trouser-leg of the United States or Great Britain, or in our most unpromising moments, France.

Yet the development of Canada, though never as spectacular or fabled as that of some other countries, has pursued a cunning logic and, until recently, moved in parallel with the U.S. When the French were evicted from North America by the British by the narrowest of margins, at the insistence of the Americans, in 1763, Canada was essentially a French territory none too gratified to be under British rule. As revolution approached in America, the loyalty of the French Canadians was secured with guaranties of their religious, social, and cultural autonomy in the Quebec Act of 1774. This was all that dissuaded the French-Canadians from joining the American revolt. It was also only the flight of the Loyalists from the victorious American revolutionaries, largely to what is now Ontario, that created a sustainable balance between French and English Canadians, the one group overrun by the British and abandoned by the French and the other defeated by the Americans with the aggressive connivance of the French. They were united only by fear of absorption by the new American republic. The odds of two such castaway groups, with so little affinity between them, forging a successful nation, were poor. The British governor in Canada, Sir Guy Carleton's genius in passing the Quebec Act was approximately as brilliant as

Benjamin Franklin's in persuading the absolutist and almost bankrupt French to enter the American Revolutionary War on the side of republicanism four years later.

Jefferson and Madison had the casus belli to seize Canada in the war of 1812, because of Britain's high-handed naval blockade and seizure of American ships and sailors on the high seas during the Napoleonic Wars. But they had disbanded Washington's army, which could have occupied Canada and would have deterred such provocation.

America spent the 50 years after the War of 1812 trying to maintain a Faustian bargain between the preservation of slavery in the south, and the avoidance of the secession from the Union of the slave states. There was some parallel between this claim of the U.S. Democratic Party to be the guarantor of both southern slavery and the federal Union, and the subsequent success of the Canadian Liberal Party in selling itself as the party that would make federalism work for French-Canadians, and to English-Canadians as the party that would keep Quebec in Canada. By these arguments the U.S. Democrats governed for 52 of the 60 years between Jefferson and Lincoln, and Canadian Liberals governed for 80 of the 110 years from the rise of Laurier to the election of Stephen Harper.

While the terrible drama of war approached and then burst over America, Canada was having minor skirmishes over responsible government, followed by an insane 25-year effort to relieve French Canadians of the presumed burden of being French. In the U.S. Civil War, four Confederate States were reduced by General Sherman's armies to rubble and ashes and 750,000 people died in a population smaller than Canada's today as, in Lincoln's words, "Every drop of blood drawn by the lash was repaid by the sword." It was epic and magnificent and preserved the United States to save democracy in the world, but it didn't solve the domestic race problem.

As the American Union finally emerged from the pale of civil conflict with the mightiest army and greatest corps of generals in the world, not excluding Bismarck's Prussia, Canada's leaders realized that if Canada did not make itself less rickety and helpless and appetizing, and arm itself with a plausible national purpose, it could be swallowed whole by the United States, now one of the greatest powers in the world, barely 80 years after achieving its independence. Canada quickly discovered the virtues of a country not, as Lord Durham had famously written 25 years before, of two nations warring in the bosom of a single state, but of an officially bicultural country.

It may seem to you implausible that I was actually thinking about such things in my previous residence, but anyone familiar with the intellectual life of a U.S. federal prison would recognize that this kind of reflection is the only practical form of partial escape that is available.

In confederating, Canada was in step with the world's major powers. Of what has become the G7 countries today, all went through dramatic change between 1865 and 1871. In 1868, Japan, its ports having been forcibly opened by the U.S. Navy, abandoned isolationism and rusticity, and empowered a Mikado with a mandate to make Japan a Great Power in the Pacific and the world. In 1870, Italy was united from abrasive regions, for the first time in 14 centuries. And in 1871, Bismarck, having defeated the Austrians and the French, and sent Napoleon's mountebank nephew packing, established the German Empire as the preeminent state in continental Europe. For the first time, Great Britain, which had successfully manipulated the European balance of power for centuries, had a great continental rival in Germany, and a great rival overseas, in the re-United States.

France resurrected the unhappy precedent of a republic. This happened largely because the imbecilic royal pretender rejected the singular French compromise of a national flag that would be the now-familiar blue, white, and red tricolour on one side, and the royal white fleur-de-lyse on the other. The political identity of the country would depend on which way the wind was blowing. Thus was the Third Republic born. The point of all this is that the Canadian Confederation was not accidental, and although it did not seem so at the time, it has been among the most important and most durable of those arrangements, and unlike most of the contemporary changes in other countries, it was not violent.

Some of this was luck and some of this was caution in Canada, but as I came to appreciate more clearly in my contemplative moments as a guest of the great American people, some of it also, as surely as the inexorable rise of America, which was much celebrated at or even before every stage, was the result of astute and imaginative nation-building. Between the U.S. Civil War and the full emergence of the United States as a world power, a combination of Britain's strength in the world and the astuteness of Sir John Macdonald and Sir Wilfrid Laurier, who between them dealt with all 10 U.S. presidents between Lincoln and Wilson, deterred the U.S. from recourse to force, a policy that successfully tempted that country through much of its history. In 22 of the first 27 U.S. presidential elections, up to 1912, there was at least one candidate who received some electoral votes for national office who was a prominent military officer, usually in the hokey little wars the Americans conducted with native people, the Mexicans, and Spanish colonialists. Of America's first 25 presidents, nine were generals and one was a colonel.

Political and military careers haven't often come together in Canada. But Canada's very large voluntary contributions to the World Wars when the country herself was not in imminent danger, is, with the Australians and New Zealanders in the First World War, unique. And though she was usually taken for granted, and Mr. Churchill pretended to be the host at the Quebec

Conferences, and he and Roosevelt even debated whether to invite King to those conferences at all, Canada was effectively the third most powerful of the Western Allies. It galled Canadians of that time how under-recognized this fact was.

Though the U.S. and Canada had ostensibly resolved their racial internecine differences in the 1860s, strains of very different origins and severity to be sure gnawed at both countries and came to a head 100 years later. Violent racial tensions and social inequalities scarred the United States, while French Quebec particularism posed a prolonged threat of presumably peaceful secession. Certainly Canada's problem, not based on pigmentation and the evil legacies of slavery, was less complicated, though American racial difficulties did not threaten to break up the country, and once again Canada's solution was less dramatic, but subtler, and non-violent.

What happened next in the relationship between the two countries has been unprecedented. The United States observed the disintegration of its Soviet rival without bravura or any disrespect to Russia or its leaders. But then, astonishingly, having fulfilled its early promise and determination to lead and overawe the world, the United States seemed to lose its talent not only at official strategic thinking, but even at self–government.

Energy imports, which had been decried as a menace to national security when they attained the level of 10 per cent of requirements during the Eisenhower administration, ballooned to 60 per cent or more than twice as great a level of national consumption, at nearly 40 times the oil price. Current account deficits, which had rarely existed in the country's modern history, soared to $600 billion, then $800 billion per year, as the United States not only enriched the oil-exporting countries (including Canada), but carried the luxury-goods industries of France and Italy and the engineered-products industries of Germany and Japan on its back, with borrowed domestic credit.

As scores of millions of simple manufacturing jobs were out-sourced to developing countries, tens of millions of unskilled under-documented foreign labourers were allowed informally to enter the country to do menial work and over-burden the welfare system. Trillions of dollars were borrowed from China and Japan to import, largely from China and Japan, what America had formerly made for itself.

By legislation and executive fiat implicating both parties, administrations and the Congress, the financial system was forced to issue stupefying quantities of residential mortgages on less than commercially acceptable criteria. And vaunted Wall Street, which had ruled the world's finances since the times of J. P. Morgan, issued trillions of dollars of worthless real estate-backed assets that were certified by the rating agencies before whom the greatest national treasuries and corporations quail to be investment grade.

Only the infusion of trillions of dollars of freshly printed money, thinly disguised as Treasury borrowings from its subsidiary, the Federal Reserve, prevented a collapse of the financial sector as severe as that which occurred in the early thirties. The United States fought international terrorism very effectively and its armed forces continue to be splendidly equipped, trained, and motivated. But the powerful alliance system so carefully built up by most of the presidents from Franklin D. Roosevelt to George Bush Senior has severely atrophied. Two prolonged wars in pursuit of ill-considered objectives of westernization and democratization in the rocky political ground of the Middle East, costing 8,000 American lives, over 50,000 American casualties, and $2 trillion have been fought with unclear results, other than an erosion in the deterrent force and general international respect for the strategic judgment of the U.S. leadership.

By paying so heavily for imported oil, the U.S. has effectively been on both sides of the so-called war against terror. And by assisting Pakistan, which is a backer of the Haqqani Taliban, it has also been effectively on both sides of the Afghan War. By leading its allies into Afghanistan and then abruptly decamping to Iraq, the U.S. left the rest of us holding the bag; fewer than a thousand Canadian trigger-pullers held the Taliban stronghold of Kandahar, with a population of over a million people. It was an assignment almost comparable, though with a happier ending, to that of the Texans at the Alamo.

I apologize for this lugubrious recitation of facts as well known to all of you as to me, and I don't wish to abuse my genial former hosts. It is to illustrate my point that the parallel progress of the United States and Canada has abruptly bifurcated and the traditional role of Canada as a largely indistinguishable adjunct of the Americans in this continent no longer exists, despite the inane comments of the president of the European Commission, Mr. Baroso, to Stephen Harper at the G-20 meeting in Mexico last week. Of course the United States remains a great country and of course it will renovate itself, at least partially, eventually. And, except for Germany, all the other traditional Great Powers are also in at least temporary decline.

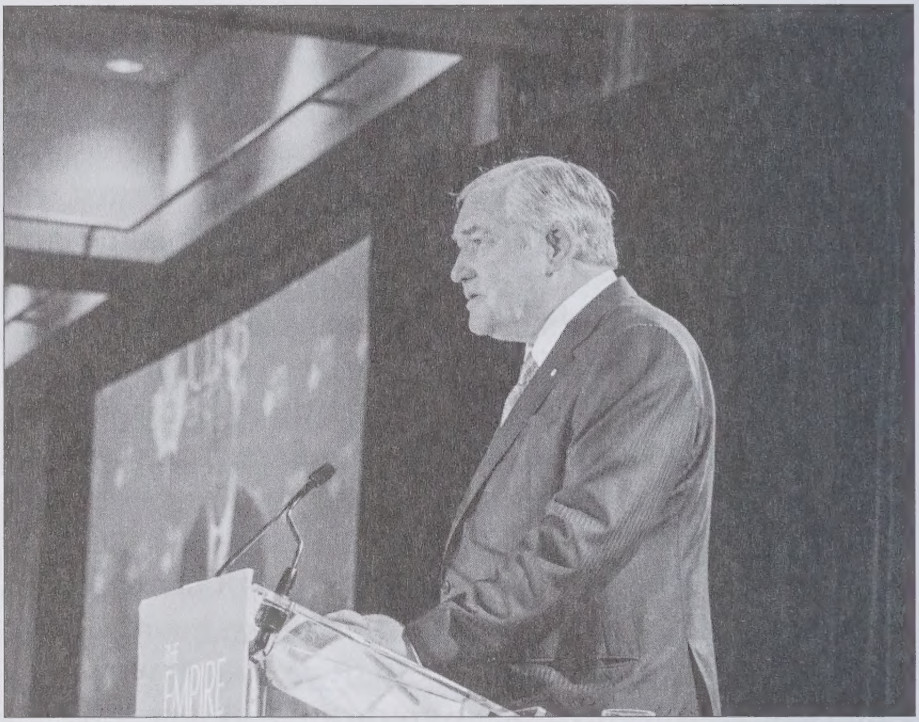
In these circumstances, Canada has an opportunity it has never had before to be a benign influence in the world. All international organizations, including NATO, the IMF, and almost every agency of the United Nations, are in need of radical reform. The entire world currency system is now in free fall as currencies have no value except in relationship to each other, and all the principal currencies are being inflated more or less in secular unison.

Now that so much manufacturing has been outsourced and China and India, representing 40 per cent of the population of the world, have signed on to economic growth, it is the multiple-resource exporters among advanced countries, especially Canada and Australia, that are advantaged. Trade with the United States as a percentage of Canadian GDP has already fallen by about a fifth, and in traditional terms almost the only really hard currency countries are Canada, Australia, Singapore, Norway, and perhaps the Swiss.

Canadians are notoriously not messianic or self-important, and have no illusions about being a light unto the world. It has been difficult to translate Canada's talent at dogged but effective problem-solving as heroic, dramatic, or sometimes even interesting. But what we have is a parable, or at least an illustrative fable. No country will soon replace the United States, but if Canada, and I just offer a few suggestions, proposed that NATO, lately reduced to the confidence trick of an "alliance of the willing," be renamed and become a defensive alliance of all reasonably democratic countries; that the voting system at the United Nations be remade to reflect contemporary correlations of forces; and that currencies be judged against rigorous mixed standards of gold, oil, and consumer prices, the world would listen. It is Canada's turn to speak, and it will not have to shout to be heard. These were my thoughts in my recent sojourn with the Americans, that have been confirmed by my grateful return to this country.

Thank you.

The appreciation of the meeting was expressed by Seamus O'Regan, Correspondent for CTV News.



Conrad Black, Baron Black of Crossharbour in profile.

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Clarry, John H.C.
Clement, Gary
Coffey, Charles S.
Cole, Caroline
Colussi, Francesca
Conlan, The Hon. Mr. Justice Clayton J.
Coombs, John
Cooper, Shawn
Copeland, Bob
Corbett, Lois
Cornish, Alan
Corso, Lory
Costley-White, Richard
Couckuyt, Alec
Cowan, Donald
Craig, Verity
Crawley, Phillip
Crichton, J. S.
Crowe, Don
Crowley, Scott
Cudjoe, Bindu
Curran, Ann
Curtis, Patrick
Cushman, Peter
Cussen, Moe

Daciuk, Timothy
Dar- Ali, Fadi
Datseris, John
Davis, Donald L.
Davis, James
Davis, Paul
Daze, Mike
DeBeer, Gerd
Decter, Michael
Del Duca, Steven
Dembe, Elaine
Derbyshire, Kevin
di Prata, Cam
Diaz, Maria Louisa
Dibert, Stephen
Dickenson, Dawn
Didomenico, Paula
Dillingham, Charles
DiPrado, Linda
Doerfler, Desiree
Donegan, James
Donlan, Brian
Dostal, Helmut
Dowdall-Logie, Peggy
Dratsidis, Petros
Duke, Ron
Dunal, Marina
Duncan, Christopher

Ebedes, Allan
Ebrahim, Shafiq
Edmison, David
Ellacott, Warrington
Ensor, Bridgette
Evangelista, Tenio
Eves, Ernie

Farlinger, Esther
Farrell, Kevin
Faulkner, Jeff
Feindel, Andrew
Ferguson, Heather
Finlay, David
Fiorillo, Henry
Flatt, Michael

Fleming, Maurice V. R.
Fogarty, Justin
Forget, Maurice
Formosa, John
Fothergill, Ruth
Found, Kenneth
Fox, Maggie
Frank, Stephen
Fraser, Marion
French, Landon

Gagliano, Tony
Gasner, Diane
Gasparro, Vincent
George, Mark
Gibson, Peter
Gilbert, Rodrigue
Gillis, Deborah
Gillmour, Rob
Glanville, Yasmin
Gleeson, john
Golench, Carol
Goodall, Richard
Goodwin, David
Goossen, Tam
Grace, David J.
Graf, Heidi
Graham, Nancy
Graham, The Hon. &
Mrs. William C.
Grbavac, Dragica
Greene, Felim
Grieco, Michael
Grieve, Sander
Griffith, Ted
Griffiths, Rudyard
Grinspun, Doris
Gross, Howard
Gualtieri, Silvia
Gucciardi, Franca
Guilfoyle, Blair
Gupta, Anita
Guthrie, H. D.
Guthrie, Ryan
Guzzi, Fred

Haldenby, James
Hall, Wes
Halpern, Jack
Hamilton, Ann
Harder, Amy
Harricks, Paul
Harris, Steven
Hartt, Stanley
Hassan, Kamal
Hatashita, Eric
Have, John
Hawthorne, Duncan
Hay, Katherine
Hayer, Raj
Hazelton, William
Hearn, Bill
Hebert, Scott
Heintzman, Andrew
Heslewood, Marion
Hickingbottom, Steve
Hicks, Gordon
Hill, Scott B.
Ho, Rubsun
Hodgson, Timothy
Hodkinson, Susan
Hornby, Ross
Houser, Andrew
Howell, Fraser
Hrycak, John
Hughes, Lisa
Hunkeler Brown, Bernadette
Hunt, Susan
Huot, Paul-Arthur
Hynes, Richard T.

Imbert, Patrick
Inbert, Patrick
Inskip, Cliff
Ivey, Richard
Iyer, Ram

Jackman, Duncan N. R.
Jackson, Anita
Jackson, Patricia D.S
Jacobson, Nathan
Jamal, Mahmud
Jamieson, Roberta
Jarvis, Peter
Jewell, Anetta
Jobling, Peter
Johnson, Donald K.
Johnson, The Right Rev. Colin R.
Jones, Dave
Jones, Michael R.
Joron, Andre
Josephson, John
Jurjevich, Frank

Kahan, Adam
Kanoza, Joseph

Kanter, Pamela
Karow, Sean
Kassirer, Mark
Kennedy, David
Kennedy, Michael
Kepes, Robert
Khaiat, Phillip
Khumalo, Bhekuzulu
Khurana, Vikram
Kianza, Nola
Kime, Kelly
Kirkland, Graeme
Kirkland, Graeme
Knapp, Sara
Kobzar, Michael
Koger, Tom
Koopman, John
Koren, Han
Koscec, Michael
Krangle, Elliot
Krizan, Jan
Krol, Stan
Krynski, Dr. George
Krywenky, Michael
Kukiel, Ed
Kuzminski, Robert (Bob)

LaBarge, Armand
Lacavera, Anthony
Laforet, John
Laidlaw, Bill
Lalonde, Marie
Lalonde, Paul
Lam, Lara
Landry, Michael
Lang, Nancy
Langley Hope, Kathryn
Langstaff, Michael
Large, Peter
Lawrence, Sean
Lawrence, Delores
LeBlanc, Kristen
Ledgett, Michael
Leduc, Michel
Lee, Jennifer
Legge, Laura
Lehner, Eric N.
Leitch, Jack
Levine, Norman
Levy, Sheldon
Lewis, Leanne
Lisi, Nick
Logue, Lynette
Lolua, Alex
Lombardi, Matthew
Loney, Donald
Loosemore, John
Lovas, Carl
Lovisa, Don
Low, Garth
Luk, Tony
Lukic, Ljerka
Lutz, Robert
Lyons, Catherine

MacDougal, Deanna
Mackenzie, Grant
MacKenzie, Richard
MacKinnon, Don
MacNeil, Donna
MacPhee, Anne
Madigan, Kevin
Malik, Kashif
Maloney, Lawrence
Malony, Larry
Mansfield, Hugh
Manucha, Raj
Martin, Roy
Martin, Roy
Martins, Carlos
Martyn, Andrew
Mason, Ian
Massey, Susan
Matrundola, Tel
May, Christopher
Mayer, Jack
McArthur, Jo-Ann
McBurney, Eugene
McCabe, Nancy
McCarthy, Michele
McCracken, Gary W.
McCutchan, Don
McDougall, Gabrielle
McDougall, The Hon. Barbara
McDowell, Robert
McGown, David
McGroddy, Edwina
McIlroy, Jennifer
McKendry, John
McKenna, Frank
McKeon, Mike
McKeough, Joyce
McKeracher, Robert
McLaughlin, Michael
McManus, John
McNab, Greg

Mehta, Adarsh
Menegakis, Costas
Mercer, Edward
Merchant, Anwar (Andy)
Meyer, Catherine
Miller, Mike
Mills, Steven
Milway, Jim
Mingay, Cameron
Misat, Marc Andre
Mitchell, Robert
Mitchell, Stuart
Moloney, Bridget
Moniz, Walter
Mopas, Erlinda
More, Jeff
Morris, Douglas
Moss, Dr. Jean A.
Mullett, William
Munger, Hans
Munson, Bill
Murphy, Timothy John
Murray, Kimberly

Nevills, Dawn
Nevins, Jim
Nicholishen, Marisa
Nicolson Morrison, Heather
Niles, Rev. Dr. John
Nixon-Janssen, Luke
Norman, Sita
Norris, Michael J.

Oehy, Daniel
Ogilvie, Kenneth
Olierook, Peter
Opolsky, Gary
Orlikow, Gordon
Osborne, Jamie

Pacuk, Edyta
Page, A. John
Palangio, Michael
Palumbo, Ralph
Pang, Rebecca
Parr, Danielle
Pavri, Yezdi
Pawliw, Dan
Pearce, Kate
Pearcy, Margaret
Peeling, Gordon
Peplow, Brian
Peral, Jose
Perera, Janake
Perez, Sam
Perry, Mj
Pinder, Joan
Pitfield, John
Polson, Chris
Pon, Leola
Poolman, Dirk
Popat, Saurabh
Powell, Bruce
Power, E. Jeanette
Preisenhammer, Stefan J.
Price, Janice
Prill, Brian
Prokop, Vivian
Prychitka, Tom
Prychoda, Mary Ann
Purves, Jamie

Quarterly, John

Rabinovitch, Dr. Victor
Radchenko, Olga
Radziuk, Dr. Sophie
Rahim, Feaz
Rainone, Terry
Ralph, Stevan
Ramkhalawansingh, Ceta
Reamey, Gary
Reaume, Bob
Reeve-Newson, Marc
Reeves, Helen
Reid, James
Reid, Martin
Reid, Tim
Reszel, Rozanne
Reuber, Heather
Rider, Joanne
Rider, John
Riseboro, Caroline
Robinson, Clive W.
Rogers, Gary
Rosenberg, David
Rosenberg, Michael
Ross, George
Ross, N. William C.
Roter, George
Rourke, Tim
Rozee, Edward
Ruffolo, John
Russell, Ian
Russell, Stephen
Russell, Tony

Rychlik, Joy
Ryder, Brad

Sadlier, Rosemary
Sajner, Dr. Jana
Salmon, Morley W.
Samonis, Val
Scanlan, Marie
Schell, Cathy
Schramm, Dorothea
Scott, Robert L. (Bob)
Scrivener, Paul
Sears, Robin V.
Seekings, Faith
Selfe, Neil
Seltzer, Gareth
Serviss, Jackie
Shama, Angela
Shekhar, Dan
Shekter, Richard
Short, Marilyn
Shroff, Firoz
Shukster, Peggy
Shuttleworth, Nan
Silver, Laura
Siminoski, James
Sivapalan, Jeyapirathap
Slavickas, Rimas
Smith, Jay
Smith, Ken
Smith, Rev. Bruce
Smith, Rick
Smithyes, Mark
Soloway, Gerald M.
Sommer, Ingrid
Sood, Pradeep
Sousa, Manny
Spafford, Paul
Spence, James W.
Spies, Roland
Spiess, Carl
Spogli, Vincenzo
Stackaruk, Randy
Stalbecker-Pountney, Barbro
Stamatakos, Yiannis
Steadman, William
Stein, Jason
Stein, Lorisa
Stelzer, Heather
Stephenson, Gary
Stevens, David
Stewart, James (Jason)
Stewart, Murray
Stratton, Adam
Stringer, Tim
Sweet, Brian

Tabbert, Christine
Tait, David
Tate, James
Tavenor, David
Tehranchian, Tina
Telfer, Jacqueline R.
Thacker, Lucas
Theofanis, Nick
Thompson, Stuart
Thorpe, Roger
Topping, Beverly
Torsney, The Hon. Paddy
Triantafilopoulos, Effie
Tucker, John
Turnbull, Doug

Urquhart, Caird

Van Dam, Jason
Vandeweghe, Erick
Varghese, Sabu
Vasilopoulos, Teresa
Vehovec, Ann Louise
Vogt, Gregory
Vokes, Robert
Von dem Hagen, Halina

Wahler, Leon
Wakim, Samuel
Walker, Bill
Walker, Glen
Walker, Glenn M.
Walker, John
Walks, Trish
Walton, Mary Margaret
Walton, Ron
Ward, Jacqueline
Wardle, Thomas A.
Watson, Bryan
Watson, Dorothy
Watson, Robert
Weese, Robert
Weiner, David
Weir, Sheena
Wells, Loren A.
Westcott, Jan
White, William
Whitteker, Robert
Whyte, Heather

Whyte, S. Jacinta
Wilkins, Chris
Wilson, Geoff
Witz, Greg
Wolfe, Courtenay
Wong, Albert
Wood, Andrea
Wood, Dean

Yang, Tony
Yeung, Paul
Yin, Josie Fengyan
York, David

Zahir, Farhan
Zasarsky, Ivan
Zaugg, Thom
Zevy, Dov
Zych, Luke L.

Corporate Members

Akram, Tahir
Anaka, Wayne
Anastasopoulos, George
Ansari, Kashif
Armstrong, David
Arrell, H. Anthony
Atkin, Pearl
Balmer, David
Bata, Sonja
Berry, Sudha
Bethune, Marva
Bomza, Janet
Bourk, Thomas
Bowden, David
Boxer, Richard
Brown, Phil
Burrow, Edward

Cagampan-Stoute, Caroline
Carnegie, Shelagh
Cattell, Roger
Chard, E. J.
Clasen, Andrea
Colussi, Francesca
Conlan, The Hon. Mr. Justice Clayton J.
Cooke, George L.
Cooper, Shawn
Courtney, Chantelle
Craig, Verity
Curtain, Jack
Cussen, Moe

Dar- Ali, Fadi
Datseris, John
Davis, James
Daze, Mike
di Prata, Cam
Diaz, Maria Louisa
Donlan, Brian
Dratsidis, Petros

Eyram, Richard

Fabisiak, Pam
Faulkner, Carol
Faulkner, Jeff
Finlay, David
Found, Kenneth
Fox, Maggie
Franks, Hugh
Fraser, Marion
Frater, Chris

Ganson, Clare
Garth, Dave
Gaskin, Fred
George, Mark
Gleeson, John
Golding, Lynne
Grieve, Sander
Grykuliak, Kevin
Guilfoyle, Blair
Gupta, Anita
Guzzi, Fred

Haberl-Schicker, Paul
Hain, Charles
Haldenby, James
Halliday, Julia
Harris, David
Harris, Mr. and Mrs. Alfred H.L.
Hartt, Stanley
Hatashita, Eric
Hearn, Bill
Heath, Alanna
Heslewood, Marion
Hickingbottom, Steve
Hornby, Ross
Houlden, Brent
Howard, Andrea
Howard, Gina

Inskip, Cliff
Iyer, Ram

Jefferies, Tash
Jewell, Anetta
Josephson, John

Keating, Chris
Kenny, Peter
Keung, Ernest
King, C. Wallis (Wally)
Koopman, John

LaBarge, Armand
Laforet, John
Laidlaw, Bill
Landry, Michael
Langstaff, Michael
Large, Peter
Ledgett, Michael
Lencz, Ronn
Levine, Michael
Levine, Norman
Lewis, Trevor B.
Loney, Donald
Luk, Tony
Lukic, Ljerka
Lyons, Catherine

Macdonald, Dr. H. Ian
Macrae, Rev. Arthur
Malik, Kashif
Martinez-Fonte, Leyden
Martins, Carlos
Matrundola, Tel
McArthur, Jo-Ann
McCabe, Nancy
McFadyen, Nancy
Mexner, Oliver
Mexner, Oliver
Minaker, Elizabeth
Mingay, Cameron
Mirabelli, Vince
Misat, Marc Andre
Mitassov, Paul
Moloney, Bridget
Moniz, Walter
Moore, Brad
Morris, Douglas
Mullings, Pansy

Nadal, Miles
Noble, Grail

Oeyangen, Marina
Osborne, Jamie

Palangio, Michael
Pawliw, Dan
Paxton, Roland
Plumpton, John
Pon, Leola
Preisenhammer, Stefan J.
Prokop, Vivian
Pyke, Dale

Radchenko, Olga
Rainone, Terry
Reaume, Bob
Richards, Bruce
Rider, Joanne
Rider, Tim
Rizek, Marwan
Ryder, Brad

Scanlan, Marie
Schramm, Dorothea
Scongack, James
Scott, Robert L. (Bob)
Serviss, Jackie
Sharma, Atul
Shroff, Firoz
Singh, Nadine
Soloway, Gerald M.
Sousa, Steven
Spogli, Vincenzo
Spratt, Crawford
Stanley, Paul
Stevens, David
Strangemann, Gunter
Stuart, Alexander
Sudbury, Dave
Suri, Rahul
Sutton, Greg
Switzer, John H.
Szirtes, Penny

Tarsone, Salvatore
Thacker, Lucas
Tucker, John

Verity, Louise
Voll, Jane

Walker, David
Walks, Trish
Wang, Nicole
Ward, Jacqueline
Watson, Robert
White, William
Wilson, Geoff

Wolfson, Judith
Wood, Andrea
Wood, Dean

Yeoman, Gary
Yeung, Paul
Yin, Josie Fengyan

Zaugg, Thom
Zevy, Dov

Student Members

Grykuliak, Kevin

Lisi, Nick

Mirabelli, Vince
Mitassov, Paul

Tarsone, Salvatore

Wang, Nicole

Independent Auditors' Report

To the Board of Directors of
The Empire Club of Canada

We have audited the accompanying statement of financial position of The Empire Club of Canada, as at June 30, 2012 and notes, comprising a summary of significant accounting policies and other explanatory information (together "the financial statement").

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with Canadian generally accepted accounting principles, relevant to preparing such a financial statement, and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement presents fairly, in all material respects, the financial position of The Empire Club of Canada as at June 30, 2012 in accordance with Canadian generally accepted accounting principles relevant to preparing such a financial statement.

Restriction on Use

Our report is intended solely for the Board of Directors of The Empire Club of Canada and should not be used by other parties.

KPMG LLP
Chartered Accountants, Licensed Public Accountants
Toronto, Canada

March 22, 2013

Financial Report

THE EMPIRE CLUB OF CANADA
Statement of Financial Position
for the Year Ended June 30, 2012

	2012
Assets	
Current Assets:	
Cash	$156,730
Accounts receivable	15,944
	172,674
Capital Assets:	1
	$172,675
Liabilities and Net Assets	
Current Liabilities:	
Accounts payable and accrued liabilities	$124,181
Due to The Empire Club Foundation	25,000
Deferred revenue	2,540
	151,721
Net Assets:	
Unrestricted	20,954
	$172,675

Signed on behalf of the Board

John C. Koopman
Chairman

Harry T. Seymour
Director

See accompanying notes to financial statement.

THE EMPIRE CLUB OF CANADA
Notes to the Financial Statement for the Year Ended June 30, 2012

The Empire Club of Canada (the "Club") was incorporated under letters patent in the Province of Ontario on March 26, 1912. The principal function of the Club is to provide a speakers' forum for members of the Club and their guests on topics of current interest.

1. *Significant accounting policies*

(a) Basis of presentation:
The financial statement has been prepared in accordance with the Canadian generally accepted accounting principles relevant to preparing such a financial statement.

(b) Financial instruments:
The Club designates its cash as held-for-trading, which is measured at fair value. Accounts receivables are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

(c) Capital assets:
Capital assets, consisting of office furniture and equipment, are recorded at a nominal value and additions are recognized as office and general expenditures in the year amortized.

(d) Due to The Empire Club Foundation:
The amounts due to The Empire Club Foundation represents a donation for the estimated cost of supplying the Club's membership with the annual yearbook.

(e) Deferred revenue:
Deferred revenue consists of unearned membership fees.

(f) Use of estimates:
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual resuits could differ from those estimates.

2. *Fair value of financial instruments*

The carrying value of cash, accounts receivable, accounts payable and accrued liabilities, and due to The Empire Club Foundation approximate their fair values due to the relatively short periods to maturity of these instruments or because they are receivable or payable on demand.

THE EMPIRE CLUB FOUNDATION

February, 2013

Fellow members,

It is a great honour and pleasure to be able to present to you this keepsake of The Empire Club of Canada's 108th consecutive compendium of speeches. It is also distributed to libraries across the country as well as to our embassies around the world. This annual book makes The Empire Club of Canada unique among speakers' fora across the world.

We are all grateful to Verity Craig for her efforts over the past year. Her hard work, consistency and leadership has strengthened the Club's reputation as the finest speakers' forum of record in the country. Each President brings special gifts, and this year was no exception.

Although this physical volume remains, and will always be an important part of the activities of The Empire Club Foundation, we are encouraged by the ever-increasing popularity of our Web site, which contains the text of all speeches ever made to The Empire Club of Canada.

The financial statements that follow this report reflect the generous support of the members and friends of The Empire Club of Canada. We are also indebted to Gary and Carolyn Metcalfe at Fine Impressions, who have provided a steady hand at the tiller for many years now. On behalf of The Empire Club Foundation I thank everyone who helps maintain and grow our tradition.

Sincerely,

John C. Koopman
Chairman

THE EMPIRE CLUB FOUNDATION

Patron

Col. The Hon. Henry N. R. Jackman, OC, KStJ, OOnt, CD, LLD

Officers

Chairman: John C. Koopman
Honorary Secretary: William G. Whittaker, QC
Honorary Treasurer: Richard Goodall, CA

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Douglas L. Derry, FCA
Bruce J. Legge, CMM, CM, KStJ, ED, CD, QC
Robert H. Hilborn, LVO, MBE, CD
John A. MacNaughton, CM
Reginald W. Lewis, CMM, CM, OStJ, CD

Directors

John F. Bankes
Mary R. Byers
Verity Craig
Frederick L. R. Jackman, CM, CStJ, OOnt, CD, LLD
Gordon McIvor
John Niles, MSM
Gareth S. Seltzer
Harry T. Seymour

THE EMPIRE CLUB FOUNDATION CONTRIBUTORS
April 30, 2011–April 30, 2012

PATRONS ($1,000.00 or more)

- Douglas Caldwell
- E-L Financial Corporation Ltd.
- The Hon. Henry N. R. Jackman
- Nona Macdonald Heaslip
- William White

ENDOWMENT BENEFACTORS ($500.00 to $999.00)

- Harry Seymour

BENEFACTORS ($250.00 to $499.00)

- Hermant Foundation
- John Koopman
- Andrea Wood

DONORS ($50.00 to $249.00)

- Mary Byers
- Douglas Derry
- Carlyle Dunbar
- William Laidlaw
- Trevor Lewis
- Ian MacDonald
- Andy Merchant
- Geoffrey Wilson

Financial Report (unaudited)

THE EMPIRE CLUB FOUNDATION
Statement of Financial Position for the Year Ended April 30, 2012 with Comparative Figures for 2011

	2012	2011
Assets		
Current Assets:		
Bank of Montreal	$ 79,536	$ 52,290
Due from The Empire Club of Canada	25,528	50,528
HST recoverable	5,272	2,308
Total Assets:	$110,335	$105,126
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	$ 9,888	$ 4,008
Accrued liabilities	97,716	100,675
Total Liabilities:	107,604	104,683
Net Assets:		
Opening Balance	$ 444	$ 20,882
Net Surplus (Deficit)	2,288	(20,438)
Total Net Assets:	$ 2,731	$ 444
Total Liabilities and Net Assets	$110,335	$105,126

Signed on behalf of the Board

John C. Koopman
Chairman

Harry T. Seymour
Director

Financial Report (unaudited)

THE EMPIRE CLUB FOUNDATION
Statement of Financial Position for the Year Ended April 30, 2012 with Comparative Figures for 2011

	2012	2011
Revenue		
Donations:		
The Empire Club of Canada	$ 25,000	$ 25,000
Supporters	7,045	8,270
	$ 32,045	$ 33,270
Expenses		
Audit Fees	11,242	2,858
Bank Charges	—	25
Web Site	—	900
Yerarbook	18,516	49,925
	$ 29,757	53,708
Net Surplus	$ 2,288	$(20,438)

CONSTITUTION

The Empire Club of Canada By-Law No. 1

Being a special by-law relating generally to the administration of affairs of The Empire Club of Canada

CONTENTS

ARTICLE I *Definitions and Interpretation*
ARTICLE II *Business of the Club*
ARTICLE III *Purpose and Object of the Club*
ARTICLE IV *Membership*
ARTICLE V *Directors*
ARTICLE VI *Meetings of The Board*
ARTICLE VII *Committees*
ARTICLE VIII *Officers*
ARTICLE IX *Regular, Special and Annual Meetings*
ARTICLE X *Fiscal Year*
ARTICLE XI *Not-For-Profit Corporation*
ARTICLE XII *Amendment of By-Laws*
ARTICLE XIII *Auditor*
ARTICLE XIV *Indemnification of Directors and Officers*
ARTICLE XV *Financial Matters*

The following is hereby enacted as By-Law No. 1 of The Empire Club of Canada (hereinafter called the "Club"):

ARTICLE I *Definitions and Interpretation*

Section 1.01 Definitions

In this By-Law, the following words and phrases shall have the following meanings, respectively:

a) **"Act"** means the *Corporations Act*, R.S.O. 1990, c.C.38 as amended, and every statute that may be substituted therefore and, in the case of such substitution, any reference in the By-Law of the Club to provisions of the Act shall be read as references to the substituted provisions therefore in the new statute or statutes;

b) **"Board"** means the board of Directors of the Club;

c) **"By-law"** means this By-Law and all other by-laws and special by-laws from time to time in force and effect;

d) **"Club"** means the corporation incorporated by Letters Patent issued on the 26th day of March 1912, pursuant to *The Ontario Companies' Act* and operating under the name of The Empire Club of Canada;

e) **"Notice"** means, the provision of information, orally, or in writing, and may be communicated via telephone, facsimile transmission, publication, or electronic mail, and is deemed to be effective on the date the notice is sent or published, and such Notice shall be sufficient if addressed to the Members at their respective Recorded Address, and deposited post paid in the post office in Toronto;

f) **"Recorded Address"** means, in the case of a Member, his or her address as recorded in the register of Members and, in the case of a Director, Officer, auditor or member of a committee of the Board, his or her address as recorded in the records of the Club;

g) **"Registered Office"** of the Club will be at such location in the City of Toronto as determined by the Board from time to time;

h) **"Special Resolution"** means a resolution passed by the vote of at least two-thirds of the Members present and voting at a duly convened meeting;

i) **"Member"** means a member of the Club; and

j) **"Officer"** means those officers of the Club set out in Article VIII.

Section 1.02 Interpretation

This By-Law shall be interpreted in accordance with the following, unless the context otherwise specifies or requires:

a) Words importing the singular number or the masculine gender shall include the plural number or the feminine gender, as the case may be, and vice versa, and references to persons shall include individuals, firms and corporations; and

b) Headings used in this By-Law are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

Section 1.03 Repeal of Previous By-Laws

All previous By-Laws relating to the administration of the affairs of the Club are hereby repealed and replaced with this By-Law.

ARTICLE II *Business of the Club*

Section 2.01 Name

The name of the Club is "The Empire Club of Canada."

Section 2.02 Registered Office

Until changed in accordance with the Act, the Registered Office of the Club shall be in the Province of Ontario and at such location therein as the Board may, from time to time, determine by resolution.

Section 2.03 Corporate Seal

The seal, an impression whereof is stamped in the margin hereof, shall be the seal of the Club.

ARTICLE III *Purpose and Object of the Club*

The purpose and object of the Club is to promote the interests of Canada and the British Commonwealth of Nations.

ARTICLE IV *Membership*

Section 4.01 Classes of Members

The membership of the Club shall consist of:

a) Life Members;

b) Senior Members

c) Regular Members;

d) Junior Members; and

e) Spousal Members

All members of classes (a), (c), and (e), must be the full age of eighteen years (excepting Senior Spousal Members), and otherwise have the capacity under law to contract.

Section 4.02 Life Members

Members of the Club in good standing may be elected to be Life Members by a two-thirds majority of those present at a Board meeting. Life Members shall pay one fee only, variable by age of the applicant, as may be fixed and published from time to time by the Board of Directors.

Section 4.03 Senior Members

Senior Members of the Club shall be of such age, and employment status, as determined by the Board of Directors from time to time.

Section 4.04 Regular Members

Candidates for Regular Membership shall be proposed by a Member in good standing and shall be elected by a two-thirds majority of those present at a Board meeting.

Section 4.05 Junior Members

Candidates for Junior Membership shall be between the ages of 14 and 35 years, proposed by a Member in good standing, and elected by a two-thirds majority of those present at a meeting of the Board of Directors.

Section 4.06 Spousal Members (Regular and Senior)

Spousal Members are charged annually a lesser membership fee for a spouse living at the same address as a Regular Member, Junior Member, or Senior Member.

Section 4.07 Membership Fees

a) All Members (excepting Life Members) shall pay respectively such annual fees as may be fixed and published from time to time by the Board of Directors;

b) All Members elected after the first day of March in any year shall pay one annual fee only in respect of the period from the date of election until the 30th day of September in the following year; and

c) For all Members, membership shall end June 30, and if any Member is in arrears for fees after February 1 of the following year, such Member will no longer be considered in good standing.

ARTICLE V *Directors*

Section 5.01 Duties and Powers of Directors

The affairs of the Club shall be managed by a Board of Directors who may exercise all such powers and do all such acts and things as may be exercised or done by the Club.

Section 5.02 Number

The Board of Directors shall comprise 40 persons and shall include all of the following:

a) 30 Members;

b) The four Immediate Past Presidents; and

c) six Officers.

Section 5.03 Quorum

Ten Directors present at a meeting of the Board shall constitute a quorum.

Section 5.04 Qualification of Directors

Each Director shall:

a) be at least eighteen (18) years of age;

b) be a Member of the Club;

c) not be an undischarged bankrupt; and

d) have the capacity under law to contract.

Section 5.05 Nomination and Election of Directors

Nominations for election as Director at the Annual Meeting of the Club may be made in accordance with the following process:

a) The Board shall charge a committee with responsibility for the nominations process relating to the election of Directors, (the "Nominating Committee"), which shall consist of five Directors and four other Members of the Club;

b) The Nominating Committee shall be appointed annually by the Board of Directors in accordance with Article 7.01;

c) The Nominating Committee shall prepare a list of the nominations for Directors for the ensuing year;

d) The Chair (or acting Chair) of the Nominating Committee shall report the nominations to the Annual Meeting at which the Board of Directors shall be elected, but nothing herein shall preclude the nomination of other persons for the office of Director at the Annual Meeting;

e) If nominations do not exceed the number of Directors necessary, the Chair of the meeting may instruct the Secretary to cast one ballot in favour of those so nominated and thereupon such persons shall be declared by the Chair to have been duly elected;

f) If the nominations exceed the number of Directors necessary, the Chair will call for a show of hands, unless a poll be demanded by the Chair or by any candidate for election. Upon a show of hands every member having voting rights shall have one vote and a declaration by the Chair that a resolution has been carried or not carried followed by an entry to that effect made in the minutes of the Club shall be prima facie evidence of the fact without proof of the number or proportion of the votes accorded in favour or against such resolution. The demand for a poll may be withdrawn, but if a poll be demanded and not withdrawn the question shall be decided by a majority of the votes cast and such poll shall be taken in such manner as the Chair shall direct. The result of such poll shall be deemed the decision of the Club upon the matter in question. In the event of the equality of the votes cast, whether by a show of hands or by a poll, the Chair shall be entitled to a second or casting vote; and

g) No person shall be elected a Director unless he is a Member in good standing.

Section 5.06 Honorary Directors

A Member, whose service to the Club has been exemplary, may be elected to the position of Honorary Director annually by a two-thirds majority of Directors, subject to re-election.

Section 5.07 Remuneration of Directors

The Directors shall receive no remuneration for acting as such.

Section 5.08 Casual Vacancies

In the event of any vacancy occurring in the office of Director, the remaining Directors may fill the vacancy from among the Members for the unexpired portion of the term of office of the person whose office is vacant.

ARTICLE VI *Meetings of The Board*

Section 6.01 Procedure

The procedure for regular Board meetings is as follows:

a) Board meetings shall be called by the President, or on a requisition signed by ten Directors;

b) The President shall, when present, preside at all meetings of the Members and of the Board of Directors. During the absence or inability to act of the President, the Vice-Presidents in order of seniority, shall act as Chair at such meetings;

c) Questions arising at any meeting of the Directors shall be decided by a majority of votes unless otherwise specifically provided by statute or this By-Law. In the case of an equality of votes, the Chair of the meeting, in addition to his original vote, shall have a second or deciding vote;

d) All votes at any meeting shall be taken by ballot if so demanded by a majority of Directors present, but if no demand be made, the vote shall be taken by a show of hands; and

e) A declaration by the Chair of the meeting that a resolution has been carried and an entry to that effect in the minutes shall be admissible in evidence as prima facie proof of the fact without proof of the number of proportion of the votes recorded in favor of or against such resolution.

Section 6.02 Notice

a) Notice shall be given to each Director and Honorary Director five days or more before the Board meeting is to take place, provided that a Board meeting may be held at any time if all Directors are present or if those absent have waived Notice or otherwise signified their consent to such meeting being held in their absence, in writing;

b) Notice of regular Board meetings may be given via telephone, facsimile transmission or electronic mail to each Director, and Honorary Director;

c) Waiver of Notice may be given via facsimile transmission or electronic mail to each Director, and Honorary Director; and

d) The Board may appoint a day or days in a month or months for regular meetings, at an hour or place to be named, and of such regular meetings, no notice need be given.

ARTICLE VII *Committees*

Section 7.01 Standing Committees

The following standing committees and the Chair of each shall be appointed by the Board of Directors as soon as convenient after each election of the Board:

a) Budget and Finance Committee;

b) Speaker's Committee;

c) Membership Committee;

d) Constitution and Corporate Governance Committee;

e) Reception Committee;

f) Publicity and Public Relations Committee;

g) Yearbook Committee;

h) Head Table and Attendance Committee; and

i) Nominating Committee;

provided that for any year the Board of Directors may by resolution elect not to appoint any one or more of such committees.

Section 7.02 Other Committees

The President or the Board of Directors may from time to time appoint such other Committees as may be deemed expedient, necessary or appropriate for such purposes and with such powers as the President or the Board shall see fit.

Any such Committee may formulate its own rules of procedure, subject to such regulations or directions as may from time to time be made by the President or the Board.

Section 7.03 Removal from Committees

Any committee member may be removed by resolution of the Board.

ARTICLE VIII *Officers*

Section 8.01 Appointment of Officers

The Board of Directors shall meet as soon as convenient after their election for the purpose of appointing the Officers of the Club for the period ending June 30th in the next year, but each Officer shall continue in office until his successor is appointed. No notice of the meeting to appoint new Officers is required if this meeting is held immediately after the Annual Meeting.

Section 8.02 Honorary Officers

The Honorary Officers of the Club shall consist of the following:

a) Honorary President;

b) Honorary Vice-President;

c) Honorary Chairman;

d) Honorary Secretary;

e) Honorary Treasurer; and

f) Honorary Solicitor.

Section 8.03 Officers

The Officers of the Club shall consist of the following:

a) President;

b) First, Second and Third Vice-Presidents;

c) Secretary; and

d) Treasurer.

Section 8.04 Qualifications

a) All Officers other than Honorary Officers shall be Directors of the Club;

b) No person other than the Honorary President and the Honorary Vice-President shall be eligible for office unless he is a Member in good standing; and

c) In the event of a vacancy occurring in any office, the Board of Directors may fill the vacancy for the un-expired portion of the term.

ARTICLE IX *Regular, Special and Annual Meetings*

Section 9.01 Regular Meetings

The Club shall hold Regular Meetings weekly, if possible, from September to June, inclusive, with such intermissions as may from time to time be determined by the Board of Directors.

Section 9.02 Special Meetings

Special Meetings of the Club may be called at any time by the President, or on a requisition signed by ten Directors.

Section 9.03 Annual Meetings

The Annual Meeting shall be held not later than June 30th of each year. At the Annual Meeting a report of the year's proceedings and work shall be submitted by the President and this report shall be accompanied by an interim financial report from the Treasurer.

Section 9.04 Notice of Meetings to Members

a) Notice of all Regular Meetings shall be given to all Members of the Club at their Recorded Address;

b) Notice of all Special and Annual Meetings shall be given to all Members of the Club at least ten days prior to the date upon which the meeting is to be held; and

c) The accidental failure or omission to give notice to any Member shall not invalidate the proceeding at any meeting.

Section 9.05 Quorum at Meetings

Sixteen Members in good standing shall constitute a quorum at any meeting of the Members of the Club.

Section 9.06 Limitation of Business at Regular Meetings

No business shall be introduced at any Regular Meeting of the Club by any person other than the Chair of the meeting, unless it has been approved by the Board prior to the meeting.

ARTICLE X *Fiscal Year*

The fiscal year of the Club shall end on such day in each year as may be fixed by the Board of Directors, but if not so fixed by the Board, it shall end on June 30.

ARTICLE XI *Not-For-Profit Corporation*

The Club shall be operated without the purpose of gain for any of its Members and any profits or other accretions to the Club shall be used in promoting the objects of the Club.

ARTICLE XII *Amendment of By-Laws*

The By-Laws of the Club may be repealed or amended by a by-law enacted by the Board of Directors and sanctioned by an affirmative vote of two-thirds (2/3) of the Members at a meeting duly called for the purpose of considering such repeal or amendment.

ARTICLE XIII *Auditor*

a) An Auditor shall be appointed at each annual meeting at a remuneration to be determined by the Directors.

Section 14.01 Protection

For the protection of Directors and Officers:

a) No Director or Officer shall be liable for the acts, receipts, neglects or defaults of any other Director, Officer or employee or for any loss, damage or expense happening to the Club through the insufficiency or deficiency of title to any property acquired by order of the Board or for or on behalf of the Club or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Club shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or company with whom or which any moneys, securities or effects shall be lodged or deposited or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of such Director's or Officer's respective office or trust or in relation thereto, unless the same shall happen by or through such Director's or Officer's own wrongful and willful act or through his own wrongful and willful neglect or default.

b) Directors and Officers shall not be liable to the Club for any costs, charges, expenses, loss or liability which the Club shall suffer or incur for, by reason of, arising out of, or in any way relating to any act, deed, matter or thing made, done or permitted to be done or omitted to be done by him in the performance of his duties and functions (or in the performance of what he honestly believed was in the proper performance of his duties and functions), provided he acted or made such omission honestly, in good faith and without fraud or fraudulent intent.

Section 14.02 Indemnity

Every Director or Officer of the Club, and his heirs, executors and administrators, and estate and effects, respectively, shall from time to time and at all times, be indemnified and saved harmless out of the funds of the Club from and against:

a) any and all costs, charges and expenses whatsoever which such Director or Officer sustains or incurs in or about any action, suit or proceeding that is brought, commenced or prosecuted against him, for or in respect of any act, deed, matter or thing whatsoever made, done or permitted by him, in or about the execution of the duties of his office; and

b) any and all costs, charges and expenses that he sustains or incurs in or about or in relation to the affairs thereof, except such costs, charges or expenses as are occasioned by his own willful neglect or default.

Section 14.03 Insurance

The Board shall cause to be purchased such insurance as it considers advisable and necessary to ensure that Directors and Officers will be indemnified and saved harmless in accordance with this By-Law; the premiums for such insurance coverage shall be paid from the funds of the Club.

ARTICLE XV *Financial Matters*

Section 15.01 Authorized Signing Officers

Contracts, documents or other instruments in writing requiring the signature of the Club shall be signed by any two Officers and all contracts, documents, and instruments in writing so signed shall be binding upon the Club without any further authorization or formality. The Board shall have power from time to time by resolution to appoint an Officer or Officers on behalf of the corporation to sign specific contracts, documents and instruments in writing. Any financial obligation in excess of $25,000 to be incurred by the Club shall require Board authorization.

Section 15.02 Banking and Borrowing

a) Bank accounts of the Club shall be kept at such banks and in such places and shall be operated in such manner and by such person or persons as the Board shall from time to time determine by by-law.

b) The Board may from time to time:

   i) borrow money on the credit of the Club;

   ii) issue, sell or pledge debt obligations (including bonds, debentures, debenture stock, notes or other like liabilities whether secured or unsecured) of the Club;

   iii) charge, mortgage, hypothecate or pledge all or any currently owned or subsequently acquired real or personal, movable or immovable property of the Club, including book debts, rights, powers, franchises and undertakings, to secure any debt obligations or any money borrowed, or other debt or liability of the Corporation; and

   iv) delegate the powers conferred on the Board under this paragraph to such Officer or Officers of the Club and to such extent and in such manner as the Directors shall determine.

Section 15.03 Investments

The Board may invest in any investments which are authorized by the Club's investment policy as determined by the Board from time to time.

Section 15.04 Trust Funds

a) No benefit given in trust to or to the use of the Club for endowment purposes shall be hypothecated, transferred or assigned to obtain credit or to receive funds except as allowed by the *Trustee Act* (Ontario);

b) The Secretary shall keep at the Registered Office of the Club copies of all testamentary documents and trust instruments by which benefits are given, bequeathed or devised to, or to the use of, the Club;

c) The Club shall apply any trust funds of the Club only to the designated purpose(s) for which such funds were intended. Under no circumstances shall the Club transfer any funds held in trust by the Club to any other individual or entity, unless such transfer complies with all applicable law, including without limitation, the *Charities Accounting Act* (Ontario) and the *Trustee Act* (Ontario); and

d) The Treasurer shall at least semi-annually provide an accounting to the Board with respect to all funds held in trust by the Club.